The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Hull's Statement and the Matter of "Enlightening" Americans

ARTICLES IN THIS ISSUE

Secretary Hull's Declaration on American Policy

Great Number of Venereal Cases Among Soldiers and Victims

"Modernized" Central Government Again Postponed

Japanese Editor Recounts Experiences in "Enlightening" Americans Regarding Far East

Red Cross Failure Causes Disappointment and Apprehension Over Relief Problem

Japanese Claim British and Germans Accepting New Peiping Currency

Europe Breathes Easier As Second War Scare Within Week Fades

"T.V." Puts "New Life" in China's Air Force

Outstanding Events in the Sino-Japancse War

Political and Industrial Progress in Szechuen . . . By Hin Wong

SATURDAY, MARCH 26, 1938 VOLUME 84, NUMBER 4

THIRTY CENTS A COPY

(In Shanghai)

FORTY CENTS ELSEWHERE

The 19th Issue of the

China Year Book

(1938 Edition)

EDITED BY H. G. W. WOODHEAD, C.B.E.

The new edition of the CHINA YEAR BOOK will add another volume to the series (dating from 1912) which constitutes a very remarkable contemporary history of China. It arms its reader with all material necessary for forming correct judgments on the Far Eastern situation and embodies all important documents and statistics of the year. Among the subjects dealt with by foreign and Chinese experts are the following:—

Sino-Japanese Hostilities (Documented)
Mongolia and Chinese Turkestan
Public Health and the Leprosy Problem
Finance and Currency (including War measures)
Chinese Art
Chinese Army and Navy
Catholic and Protestant Missions
The Kuomintang and the Government
Modern Chinese Industries: Labour.

Royal octavo, 620 pages, cloth bound, $18 net

Obtainable at all booksellers or from the publishers:

THE NORTH-CHINA DAILY NEWS & HERALD LTD.

P. O. Box 707, Shanghai

For Fast and Efficient Radio Telegraph Service to all Parts of the World Send

RADIOGRAMS

"Via RCA"

RADIO IS THE QUICKEST AND MOST RELIABLE MEDIUM FOR ALL TELEGRAPHIC COMMUNICATIONS. IT HAS BROUGHT ABOUT RATE REDUCTIONS AND INAUGURATED NEW CLASSES OF SERVICE TO MANY COUNTRIES. . . .

In CHINA file your messages "RCA"

(R.C.A. Communications, Inc.)

R.C.A. Communications, Inc.

(A Radio Corporation of America Service)

HEAD OFFICE FOR CHINA:— TEL. NO.
201-202 Sassoon House, Shanghai 19251

AGENCIES:—

Tientsin:	65 Consular Road	Tel.: 31430
Hankow:	San Peh Building	Tel.: 21774
Hongkong:	Dina House	Tel.: 30692

TEXACO

Specialized Lubrication with

MARFAK

TWICE AS TOUGH

and lasts

TWICE AS LONG

TEXACO T R. T. M.

The Texas Company (China) Ltd.

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China

Volume 84 | Shanghai, China, Saturday, March 26, 1938 | Number 4

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; FRANK GAPP, Assistant and Financial Editor; T. V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

BY AIR-MAIL—TO HANKOW AND ELSEWHERE IN CENTRAL, WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE IS $28 A YEAR OR $15 FOR A HALF-YEAR.

Contents

Editorial Paragraphs

Secretary Hull's Declaration on American Policy... 85
Great Number of Venereal Cases Among Soldiers And Victims 88
"Modernized" Central Government Again Postponed 89
Japanese Editor Recounts Experiences in "Enlightening" Americans Regarding Far East..... 91
Red Cross Failure Causes Disappointment and Apprehension Over Relief Problem 92

Special Articles

Japanese Claim British and Germans Accepting New Peiping Currency 94
Europe Breathes Easier As Second War Scare Within Week Fades..... 98
"T.V." Puts "New Life" in China's Air Force... 99
Political and Industrial Progress in Szechuen..... .....By Hin Wong 101
Outstanding Events in the Sino-Japapese War ... 103
Who's Who in China 107
Men and Events 108
New Books of Interest in the Far East..... 110

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

SECRETARY HULL'S DECLARATION ON AMERICAN POLICY

EARLY in the present month when the British Cabinet decided to negotiate with Mussolini, a spokesman declared that one of the first things Mussolini would have to do "was stop his people telling lies about the British Empire on the wireless." It was suggested that Mussolini would be required to do several other things, but it was significant that a British spokesman listed anti-British propaganda over the wireless as one of the things Mussolini would be expected to stop along with the withdrawal of troops from Spain, discontinuance of fortification of Pantellaria and reduction of forces in Libya.

It was suggested that if Mussolini would be amenable on these matters that Britain might be willing to be reasonable on the matter of a loan and recognition of the Abyssinian conquest. "But," continued the British spokesman with emphasis, "it is inconceivable that anything can be conceded which would put British sea communications through the Mediterranean at the mercy of Italy's armed forces . . . does anyone imagine that any section of the British people from right wing Tory to left wing Communist would be prepared to entrust Fascist Italy with the task of looking after British interests in the Mediterranean?"

⁂

One is reminded of the foregoing elements in British policy with respect to the negotiations with Italy, in connection with Secretary Hull's latest enunciation of American policy, the full text of which occupied some seven columns in the local English language newspapers.

The United States is not yet involved in conversations with Japan, but this is undoubtedly in the minds of Washington officialdom who feel that the time is approaching when a greatly chastened Japan will be willing to come to the conference table—as she did in 1921-22—and try to salvage something from the wreckage which her feudal militarists have created on the Continent of Asia.

The fact that the State Department went to the trouble and expense of cabling the full text of Secretary Hull's address to Shanghai constituted evidence that the Administration intends to do its own talking, rather than permit others to explain American policy in terms to suit their own ends.

An obvious element in this situation has been the recent Japanese propaganda that Japan would be able to obtain unlimited funds in the United States for use in carrying out her program and consolidating her imperial position on the Continent irrespective of the wishes of the Chinese people, not to mention the fabric of international treaty obligations which Japan has disregarded since her first adventure in the Manchurian provinces seven years ago.

Another element, even more potent, is involved in the present activities of Japan and Italy, designed to strengthen their respective positions in the Mediterranean and the Pacific. It was significant that Koki Hirota, Tokyo Foreign Minister, announced in the Diet, almost simultaneously with the arrival in Japan of an Italian Mission that Japan planned shortly to abrogate both the Nine-Power Treaty and the Kellogg Anti-War Pact. And in addition there have been even more sinister suggestions in the tendency to revert to the conditions which prevailed when the Anglo-Japanese Alliance was the predominant element in the relations of nations in the Far East. While the Americans themselves, due to the activities of their pacifists and isolationists, have been partly responsible for the misinterpretations placed on American policy by nationals of other countries, there appears to be increasing evidence of an early return to sanity. Perhaps the recent developments in Austria have had something to do with it.

⁂

Secretary Hull's address was delivered before the National Press Club in Washington on Thursday, March 17 and was released for publication in Shanghai two days later. Regarding the present world situation as a menace to civilization, Secretary Cordell Hull expressed profound concern over the "rising tide of lawlessness, the growing disregard for treaties, the increasing reversion to use force and the numerous other ominous tendencies emerging in the sphere of international relations today." The Secretary pointed out that the most pressing universal question today was whether the principles of the American policy, which an overwhelming majority of the world's governments joined in affirming their faith on July 16, 1937, would be vitalized and accepted as a foundation for international order, or whether the anarchy of brute force would inundate the world and ultimately remove all traces of human civilization and progress.

At the outset the Secretary of State declared that the United States "consistently believed in the sanctity of treaty obligations and endeavered to apply this belief in the actual practice of its foreign relations. In common with all other nations the United States had, since the end of the World War assumed a solemn obligation not to resort to force as an instrument of national policy. This, declared Mr. Hull, gave the United States a moral right to express its deep concern over the rising tide of lawlessness, the growing disregard of treaties, the increasing reversion to the use of force and the numerous other ominous tendencies which are emerging in the sphere of international relations.

The secretary then referred to his statement of July 16, 1937 that,

"All nations should through voluntary self-restraint abstain from use of force in pursuit of policy and from interference in the internal affairs of other nations.

"All nations should seek to adjust problems arising in their international relations by processes of peaceful negotiation and agreement.

"All nations should uphold the principle of the sanctity of treaties and of faithful observance of international agreements.

"Modification of provisions of treaties when need therefore arises should be by orderly processes carried out in a spirit of mutual helpfulness and accommodation.

"Each nation should respect the rights of others and perform scrupulously its own established obligations; in brief international law and the spirit which underlies it must be revitalized and strengthened.

"Steps should be taken toward promotion of economic security and stability the world over through lowering or removal of barriers to international trade, according of effective equality of commercial opportunity, and application of the principles of equality of commercial treatment.

"National armaments should be limited and be progressively reduced; at the same time, realizing the necessity for maintaining armed forces adequate for national security, each nation should to that end be prepared to reduce or increase its own armed forces in proportion as reductions of arms are made.

"From the question of alliances with others, each nation should be prepared to engage in co-operative effort by peaceful and practicable means in support of these principles.

He then declared, "The crucial issue today is whether these principles will be vitalized and be firmly established as the foundation of an international order or whether international anarchy based on brute force will inundate the world and ultimately sweep away the very basis of civilization and progress. That issue is universal. No more than a community or a nation can the world base its existence in part on law and in part on lawlessness, in part on order and in part on chaos, in part on processes of peace and in part on methods of violence.

Referring to his statement of August 23, he told of his appeals to Japan and China to desist from the use of armed force and offered America's services in facilitating in any practicable manner, that would be mutually agreeable, the adjustment of differences existing between the two countries.

On August 17, the State Department had reiterated that the United States did not intend to abandon its nationals or American interests in China, in which connection, the Secretary said that

the Government was fully determined to avoid the extremes either of internationalism or isolationism. He declared, "To respect the rights of others and to insist that others respect our rights has been the traditional policy of our country . . . a policy expressed by James Monroe when he said (Dec. 2, 1823) 'Our policy remains the same:—to cultivate friendly relations and to preserve those relations by frank, firm and manly policy meeting in all instances the just claims of every power, submitting to injuries from none.'"

Referring to the situation in the Far East, Secretary Hull said,

"In the present Far Eastern emergency we have consistently collaborated with other peace seeking nations in the manner I have just described. I have said often and I repeat again that in this collaboration there is not a trace of alliance or involvement of any sort. We have scrupulously followed and we intend to follow the traditional policy of our country not to enter into entangling alliances or involvements with other countries.

"When the Brussels conference was called this country as one of the original signatories of the Nine Power Treaty, and in accordance with its treaty obligations thus assumed, promptly accepted the invitation to the conference. Our delegation co-operated fully with the representatives of the other conference powers in examining the situation in the Far East and exploring methods of bringing about peace by processes of agreement. The conference made a substantial contribution toward keeping alive principles of world order and of respect for the pledged word. Its declarations placed a new emphasis upon the deep concern of peaceful nations over any developments that threaten the preservation of peace.

"In connection with the Far Eastern situation, this Government was confronted with the question of applying the existing neutrality legislation which was designed principally to keep our nation out of war. After mature deliberation, the conclusion was reached that in the circumstances attending the controversy in the Far East a type of circumstances which the authors of the legislation could scarcely have visualized—application of the law would be most likely to endanger the very objectives which the law was designed to promote. Accordingly, exercising the discretion vested in him by the law itself, the President has refrained from putting the provisions of that law into operation. At the same time, in pursuance of our general policy of avoiding unnecessary risks, the President announced on September 14, 1937 that 'merchant vessels owned by the merchant marine of the United States will not, until further notice, be permitted to transport to China or Japan any of the arms, ammunition or implements of war which were listed in the President's proclamation of May 1, 1937' and that 'any other merchant vessels flying the American flag which attempt to transport any of the listed articles to China or Japan will, until further notice, do so at their own risk."

Referring to the relations of the United States toward the world generally, the Secretary said that the most effective contribution which the United States could make, as a nation sincerely devoted to the cause of peace could make—in the tragic conditions with which our people in common with the rest of mankind are confronted today—is to have this country respected throughout the world for integrity, justice, good will, strength and unswerving loyalty to principles . . . . This is the essence of our foreign policy!

Reverting to the Far East, Mr. Hull directed attention to the proposals of the pacifists and isolationists, saying,

"Likewise dangerous, from the viewpoint of the preservation peace, is the proposal that we retire from the Far East comprising the chief portion of the Pacific area. Unfortunately many people in this country have wholly misunderstood the position and policy of our government in relation to that situation. Some have visualized only our trade and investment relationships with China or our moral and cultural interests there symbolized by missionary, educational, medical and similar activities. Some have concentrated their attention solely upon the incidental and exceptional facts of the existence of extraterritoriality and the maintenance of some armed forces to assist in safeguarding our nationals against possible mob violence and similar disorders—special rights which it is our policy to give up and forces which it is our policy to withdraw the moment the unusual conditions disappear.

"All these are important. But the interest and concern of the United States—whether in the Far East, in any other part of the Pacific area, in Europe or anywhere else in the world—are not measured alone by the number of American citizens residing in a particular country or by the volume of investment and trade or by exceptional conditions peculiar to the particular area. There is a much broader and more fundamental interest—which is that orderly processes in international relationships, based on the principles to which I have referred, be maintained.

"The momentous question—let me repeat—is whether the doctrine of force shall become enthroned once more and bring in its wake inexorably international anarchy and a relapse into barbarism; or whether this and other peaceful nations fervently attached to the principles which underlie international order shall work unceasingly—singly or in co-operation with each other as cir-

cumstances, their traditional policies and practices, and their enlightened self interest may dictate—to promote and preserve law, order, morality and justice as the unshakable basis of civilized international relations."

Concluding his remarks, which must be recognized as a most momentous expression of fundamental American policy the Secretary of State declared,

"We want to live in a world which is at peace; in which the forces of militarism, of territorial aggression and of international anarchy in general will become utterly odious, revolting and intolerable to the conscience of mankind; in which the doctrine of order under laws will be firmly established; in which there will no longer be one code of morality, honor, justice and fair play for the individual in his relations with other invidiuals and an entirely different code for governments and nations in their relations with each other. We want to live in a world in which fruitful and constructive international relationships can serve as a medium for disseminating throughout the world the benefits of the material, spiritual and moral progress of mankind.

"To that end we will continue to give full and sincere adherence to the fundamental principles which underlie international order; we will continue to urge universal acceptance and observance of these principles; we will continue wherever necessary and in very practicable and peaceful way to co-operate with other nations which are actuated by the same desires and are pursuing the same objectives; we will persevere in appropriate efforts to safeguard our legitimate rights and interests in every part of the world; and we will, while scrupulously respecting the rights of others, insist on their respecting our rights.

"To that end we will continue to strive through our reciprocal trade program and through other economic policies to restore the normal processes and to expand the volume of mutually beneficial trade among the nations which is indispensable to an increase of production, employment, purchasing power and general economic well being here and everywhere; we will continue to promote peace through economic security and prosperity; we will continue to participate in the numerous international scientific, technical and other conferences and collaborative efforts which have been such powerful influences in assisting the stream of new ideas, of new discoveries, of learning and cutlure to flow throughout the world; and we will continue to urge other nations to give their support to such policies and efforts.

"We believe that world at peace with law and justice prevailing is possible and that it can be achieved by methods to some of which I have referred. That is the cornerstone of our foreign policy—a policy graphically described by President Roosevelt when he said:

"There must be positive endeavors to preserve peace. America hates war. America hopes for peace. Therefore America actively engages in the search for peace.'

"The objectives of our foreign policy are as easy to grasp as they are fundamental. The means we are using to attain these objectives are the only means approved by reason and by experience. For the sake of the best interests of our people, we must maintain our strength, our courage, our moral standards, our influence in world affairs and our participation in efforts toward world progress and peace. Only by making our reasonable contribution to a firm establishment of a world order based on law can we keep the problem of our own security in true perspective and thus discharge our responsibility to ourselves—to America of today and to America of tomorrow. No other course would be worthy of our past or of the potentialities of this great democracy of which we are all citizens and in whose affairs we all participate."

GREAT NUMBER OF VENEREAL CASES AMONG SOLDIERS AND VICTIMS

THE large number of Japanese soldiers afflicted with venereal ailments, among the detachments which have returned to Japan, have created such widespread alarm that the Japanese authorities are now requiring blood tests of every returned soldier, according to reports published in the Japanese newspapers. While figures were not available, the fear was expressed (*Japan Advertiser*, Feb. 15) that the so-called "contraction rate" would be increased to 26 percent by the time the fighting had ceased. The Japanese were especially worried about increases in infection in rural areas due to the fact that most of the soldiers come from farming and small village communities.

The information in the foregoing paragraph indicating Japanese reactions on the subject provides an entirely inadequate idea of the seriousness of the problem. An American mission hospital located in a large city now under Japanese military control reported that venereal disease contracted by Chinese women who had been raped by Japanese soldiers constituted a most serious problem, necessitating an expansion of clinical services to take care of it and provide free treatment. The hospital report stated that in addition to the venereal problem the hospital was faced with an entirely new predicament by Chinese mothers, chiefly from rural and village areas, who were bringing their unmarried daughters to the hospital to have abortions performed. Upon the hospital's refusal to perform such operations, the mothers in desperation resorted to primitive

methods of abortion which seriously endangered the health of the young women.

Aside from these reports, the annual health statistics of the International Settlement disclosed that the Japanese ranked third in numbers of applications for free clinical treatment for venereal infections at the venereal disease clinics maintained by the Settlement, the Japanese being exceeded only by Russians and Indians.

While the foreign newspaper reading public is more or less familiar with the authenticated reports of rapings of Chinese women by Japanese soldiers in all sections of the country which the Japanese have occupied, the Chinese newspapers have begun to publish accounts of retaliatory measures whereby the helpless Chinese populace has wreaked terrible vengeance on the aggressors. The *United Press* told one such instance at the village of Hsuanchang in southern Anhwei, where a Chinese woman, while pretending to kiss a Japanese soldier bit his nose and cheek so severely that he was reported to have bled to death. Another report, published by a Chinese translation service stated that while the Japanese are accustomed, in their homeland, to take liberties with their womenfolk, without fear of retaliation, their activities in this regard in China had, in some cases, resulted in the Japanese receiving a costly lesson. There then followed an account of an alleged happening in Hopei province where a detachment of Japanese soldiers, "as they had done in hundreds of other towns, demanded 100 Chinese women." The village elders, following consultation, complied with the Japanese request by rounding up the most notorious prostitutes who were attired in fancy dresses and introduced to the Japanese soldiers at a social function where much wine was served. The Japanese soldiers, unaccustomed to the strong Chinese wine brewed from millet and kaoliang, quickly became drunk and the expected happened—also the unexpected—for the Chinese women, or at least some of them took the heavy lead wine-pots and beat out the brains of the intoxicated Japanese soldiers.

"MODERNIZED" CENTRAL GOVERNMENT AGAIN POSTPONED

THE long scheduled new regime at Nanking, which the Japanese intend to call the "Modernized" Central Government, has again been postponed—the reason this time being the desire of the Japanese military and political manipulators to await the outcome of the battle of Hsuchow.

Originally scheduled for March 1 and again for March 12 and again for March 16, the inauguration must now await the outcome of a battle which apparently is of as much political as it is of military significance. It is even claimed that certain third or fourth rank politicians have refused to participate in the new regime until the fate of Hsuchow has been decided.

The latest names to appear on the puppet "roll of honor" as possible executives of the "Modernized" Central Government, are Liang Hung-chi, member of the old Anfu clique; Wen Tsung-yao, who served many years ago as resident agent in Tibet; and Chang Shih-chao, native of Hunan, who also was an Anfu Minister of Education in Peiping some two decades ago.

Although nothing happened on March 16, latest scheduled date for the "rebirth" of Nanking, the circulation of rumors was sufficient to create a near-panic in the Shanghai foreign-administered areas. In both the Settlement and French Concession extra police precautions were taken and there were reports that the reserves and Volunteers had been ordered to stand-by. Although nothing more serious happened than some further attempts of armed Japanese to pass through the U. S. Marine "zone," there is a general feeling in Shanghai that certain elements within the Japanese military camp are still plotting the seizure of the Settlement and would not hesitate taking direct action if the signs were propitious.

It also was whispered about that the emergence of a new regime at this particular time might adversely affect alleged "off the record" conversations now said to be taking place between the new British Ambassador Sir Archibald Clark Kerr and the Japanese special Envoy S. Tani. But since both the British and Japanese authorities have denied such conversations it is assumed that any talks which they may have had were concerned with the Customs Administration and possibly Japanese participation in the administration of the International Settlement. It was stated that the British Ambassador will depart for Chungking on Tuesday, March. 29.

But we imagine that the real reason for delay extends deeper into the realm of Japanese military politics. A powerful group in the Army and also in the Navy, thinks that the Capital should remain in Nanking. But others, said to include the even more powerful Kwantung clique wants the Capital back in Peiping and wants it to be capital of the whole country rather than North China only plus a slice of Mongolia.

Opposition of Wang Keh-ming, head of the "Peiping Provisional Government," to the formation of any rival organization in Nanking has became a serious problem. Wang is said to have wired three times threatening to quit the northern regime, should a new administration be established at Nanking. Wang's chief contention is that since his regime has been labelled "Provisional Government," it is naturally taken to mean, the whole country and not of North China alone. If the "Modernized Central Government of China" is organized at Nanking, it would necessarily impair the prestige of his "Provisional Government."

It was reported that a party of disgruntled southern politicians had gone to Peiping in a Japanese plane, including one Dr. Jen Yuan-tao, Chen Lu and Chen Chung-fu. Also it was claimed that representatives of both Peiping and Nanking were still in Tokyo, conferring with the Japanese authorities on the problem of status of the two regimes and their relations with the Japanese.

More discord also has developed within the ranks of the would-be puppets. The Anfu group headed by Liang Hung-chi, slated for "Prime Minister," allegedly was trying to seize all the important posts, while Chen Chung-fu, who claimed to represent the Southwest group, strongly opposed the Anfu bid for power.

Also there was a more authoritative report that Tong Shao-yi, whose name had been connected with the new regime, was reported to have definitely decided to have nothing to do with it. Tong's son-in-law Chu Chang-nien, former superintendent of Shanghai Customs. has gone to Hongkong.

Three other ex-officials allegedly involved in the scheme, Lo Chung-yi, former Minister to Denmark; Wei Tse-kin, former Minister to Peru; and Lin Tung-shih, Chief of Protocol Department of the Ministry of

Foreign Affairs, issued vigorous denials, saying that they had no interest whatever with the proposed "Modernized Central Government." Lin asserts that he is still an official of the Foreign Office of the National Government.

Repeated postponement of the trip of the new British Ambassador, Sir Archibald Clark Kerr, to Chungking to present his credentials to the National Government, has aroused much speculation. Obvious travel difficulties are realized, but it is rumored other more vital reasons may be delaying the Ambassador's departure. Anglo-Japanese conversations were alleged by the correspondent of the *Shanghai Evening Post* in Hongkong who stated that Sir Archibald was striving for an early settlement of Sino-Japanese hostilities. He was rumored to have received from Japan the following peace proposals:

1. That the autonomy of Inner Mongolia be granted by the Chinese Government.
2. That the North China provinces north of the Yellow River be governed by a special council employing Japanese advisers.
3. That Japan be given rights to station garrisons not only in areas north of the Yellow River, such as Peiping and Tientsin, but also Shanghai, Nanking, Hankow and Canton.
4. That China pay an indemnity to the Japanese government in the amount of $200,000,000, which the Japanese government will invest in China.

It was claimed that the above terms had been mentioned unofficially to Madame Chiang Kai-shek by the British Ambassador, but she had expressed strong disapproval. According to the *Post* the Chinese Government, if presented with such terms, would reject them, as acceptance would mean the domination of most of the country by Japan.

The severe fighting now taking place in southern Shansi and in the vicinity of Hsuchow, indicate that General Chiang Kai-shek would not consider peace under such circumstances. According to reports from Hankow, General Chiang is making active preparations to continue fighting and his newly trained troops soon will be ready to take the field. In order to facilitate movement of troops in the South Gen. Chiang has ordered the building of a modern motor speedway from Kweilin, capital of Kwangsi to Samsui, near Canton, where it will join the Canton-Hongkong Highway. The new road, when built, will be of great military value, as it would facilitate the sending of reinforcements to the various fronts. Upward of 50,000 coolies are engaged on construction of the new speedway. Another military road between Yunnanfu and Bhamo, frontier station of the Rangoon-Mandalay Railway in the extreme Southwest of China is to be built. This road would make Yunnanfu the center of supply for reinforcements both in men and material to South China, since Yunnanfu already has connections with Hunan, Szechuan and Kwangsi provinces.

An Emergency Kuomintang Congress will be held at Hankow on March 29, the primary object being to adjust the relationship between the Kuomintang and the Chinese Communist Party. Disputes between the two parties recently have been frequent and bitter. Some Kuomintang members charge the Communist Party with breaking faith by indulging in propaganda and refusing to work under its leadership. On the other hand, the Chinese Communist Party charged the Kuomintang with ambitions of establishing a dictatorship and suppressing the Communists. Despite Gen. Chiang Kai-shek's recent attempt to pacify both groups the conflict has continued.

There was considerable controversy regarding the place of meeting as the Constitution of the Kuomintang says the Congress must be held at the seat of the National Government, in present instance, Chungking. As the journey from Hankow to Chungking would be inconvenient for most of the delegates, it has been decided that the Congress will take place in Hankow. Chen Li-fu, Minister of Education and influential Kuomintang member, has gone to Chungking to secure official assent from Chairman Lin Sen.

Discord among the Communists themselves is also alleged. Chen Tu-hsiu, prominent Communist leader, has been attacked by Communist publications in Hankow. Chen was arrested in Shanghia three years ago on a charge of Communist activities and imprisoned. in Nanking. He is now charged with being a "Trotskyist and traitor." In a open letter to the editor of the Communist paper in Hankow, Chen denied the charges. Chen recently visited Chinese troops on the Lunghai front on behalf of Chow En-lai, representative of the Chinese Communist Party at Hankow.

The *Hsin Hua Jih Pao*, Communist organ at Hankow, urged national mobilization, declaring that only by "mass-movements" could China's ultimate victory in the present campaign against Japan be assured against the machinations of "traitors and Trotzkyists." The article suggested five concrete measures for the mobilization of the people, first, "Anti-Nipponism should be considered above all other national issues and all other national issues should be decided on the basis of this principle of Anti-Nipponism."

More conflicting reports appeared concerning the fate of Chang Hsueh-liang, former Marshal of Manchuria, whose whereabouts have been unknown, since he was last seen at Fenghua, General Chiang Kai-shek's birthplace in Chekiang. According to the *Shanghai Daily News*, Chang was "liquidated," shot at Fenghua last September.

A *Domei* report from Tokyo stated that Chang Hsueh-liang had recently been placed in command of militia units in the war zone south of the Yangtsze, with orders to harass the Japanese troops in the rear.

Gen. Yen Hsi-shan, Commander of the Chinese Forces on the Shansi front, has been appointed concurrently acting Chairman of Shansi Provincial Government.

Gen. Ma Pu-fang, influential Mohammedan military leader in Chinghai (Kokonor) and newly appointed Chairman of the Chinghai Provincial Government, has assumed his office. A delegation of Szechuan military leaders visited General Chiang Kai-shek at Hankow and conferred with him on the situation in Szechuan. They expressed satisfaction over the appointment of Gen. Teng Hsi-hou as Pacification Commissioner of Szechuan and pledged loyal support. Gen. Teng is now at Chengtu, Szechuan capital, and will shortly assume office.

The Loyang Branch of the Central Military Academy has been removed to Hanchung, Southern Shensi, according to a *Kuo Min* report.

H. C. H.

Reference to Stalin Causes Uproar in Japanese Lower House

Premier Prince Ayamaro Konoye was urged in the Lower House March 16 to "point to the nation, boldly and frankly, the way out, like Hitler, Mussolini or Stalin."

The reference to Stalin, made by Mr. Suehiro Nishio, of the Leftist Social Masses Party, caused an immediate uproar in the Chamber. "Who's Stalin?," yelled some parliamentarians, abandoning their customary dignity. Others, with equal vigor, shouted "traitor," "communist"

Pounding his desk with a gavel, the Speaker of the House announced that he would refer Mr. Nishio's misdemeanor to the Chamber's Disciplinary Committee.

Pale and dazed, Mr. Nishio stammeringly informed the Speaker the reference to Stalin was a slip of the tongue, "made inadvertently in my zeal to encourage the Premier." Their passions cooled, the parliamentarians next proceeded to pass the drastic National General Mobilization Bill without amendments.

Japanese Editor Recounts Experiences in "Enlightening" Americans Regarding Far East

OF interest in connection with the attempts of Japanese financiers to borrow money in New York for financing their program in China was a report on the status of American public opinion toward Japan and Japanese activities which was made by Shingora Takaishi, who recently returned to Osaka after spending six months in the United States as a so-called "peoples envoy." Mr. Takaishi is editor-in-chief of the *Osaka Mainichi* and the *Tokyo Nichi Nichi* leading Japanese newspapers which are published under the same management.

Since his return to Japan Mr. Takaishi has delivered addresses before numerous organizations, most of them Japanese. One address, however, delivered before the American Association in Kobe was published in full in the English edition of the *Mainichi*. The statements in his various addresses are significant in that they provide an insight regarding the type of information now being given the Japanese people about conditions in the United States and the reactions of Americans to developments in this part of the world. For example, in the course of an address before the Japanese Seikosha Club in Kobe on March 11th, Mr. Takaishi analyzed the psychological reactions of Americans as he had observed them on his trip:

> "I told the Americans straight out that Japan is the undisputed leader of the Far East. I found this more effective than roundabout 'logic-chopping' in enlightening the Americans. I reminded them that ghastly war news will soon cease to be broadcast in America and advised them to watch our post-war reconstruction. This point apparently convinced them. I do not see why we cannot maintain cordial relations with America, if we do not do anything to provoke American public opinion or *openly* violate international treaties. I think they will eventually understand us."

In another address before three thousand citizens of the Osaka-Kobe district at the Central Public Hall, Mr. Takaishi declared:

> "As a result of my extensive American tour I came to the conclusion that the United States would avoid being involved in any war in the Far East or elsewhere provided she is not provoked. As long as we pay due respect to the American self-esteem we should openly do what we want in China."

In his address before the American association at Kobe Mr. Takaisha said, "I found that the great majority or I may say ninety per cent of the Americans are sympathetic toward China. But that sympathy is of a sentimental nature. It is the natural sympathy for the underdog, as an American puts it. It is not based on any specific reason, but is due to the fact that Japan is stronger than China. But is Japan to blame simply because she is stronger? This was the question I raised during my debate with Dr. Hu Shih in New York. It is true that Americans are generally pro-Chinese, but it does not follow that they are all anti-Japanese. I may attribute the situation mainly to their ignorance of China, Sino-Japanese relations and Oriental historical background. Lack of a fair and just understanding in Far Eastern affairs is intentionally encouraged by the Chinese publicity men and their paid agents who make the Americans believe in the myth of Chinese democracy and Japanese fascism. As a result of my study of American public opinion I came to the conclusion that Americans are all determined not to repeat their folly in taking part in the World War. They are also realistic enough to recognize the merits of Japanese influence over Manchukuo. In this connection the realistic statesmanship of President Roosevelt is most instrumental in the isolationist peace in America. I agree with the American critic who said that the President's criticism of the East Asia situation is mainly for home consumption.

"Of course, America's idealism is liable to prevent Americans from giving us their wholehearted approval regarding our methods used in the process in bringing about changes and readjustments in the Far East. But it is my firm belief that if we succeed in making the Far East more stabilized and prosperous it will not be very long before Americans would be offering their hands in cooperation. If I have any disappointment about so many of my American friends, it is that a surprising number of them are very ignorant about the actual state of affairs in China. Many really believe that China is a democracy. They give me a look of amazement when I told them that if China is a democracy, it is the only one in the world without the franchise. I am happy to state that misinformation about China is not due to America's unwillingness to listen to our side of the story."

Mr. Takaishi then told about a number of prominent Americans whom he met who were in substantial agreement with Japan's point of view, among them being William Randolph Hearst and Colonel House, former close friend and adviser to the late President Woodrow Wilson. Mr. Takaishai said that Col. House was convinced that Japan was justified in her Far Eastern expansion, but he warned that Japan should not make the mistake in being too hasty in realizing her expansion. In concluding his address, Mr. Takaishi said:

"I have returned from America well-stocked with advice regarding the way we should guide our destiny in the Far East. I have also returned feeling that it is our responsibility to bring about as soon as possible, conditions in the Far East that are inviting to American cooperation."

Referring to the attitude of the people generally, Mr. Takaishi said that America's geographical isolation and national security had made the people idealistic in their world outlook. The fact that the country generally is a "status-quo pacifist and idealist nation," adds color to what is said and printed on the situation in the Far East. Most of the Americans, in Mr. Takaishi's opinion, are still rugged individualists who have not forgotten the thrills of pioneering days. "When I arrived in America to explain the role we are playing in the Far East, I found American realism most pleasing . . . After all we in Japan are trying to develop the Far East in the same way the Americans developed their continent . . . Of course American idealism is liable to prevent Americans from giving us their whole-hearted approval regarding our methods. . . ."

Red Cross Failure Causes Disappointment and Apprehension Over Relief Problem

AMERICA'S own internal troubles in the past few months have reacted disadvantageously to American relief activities in China, causing a drastic curtailment in disbursement of funds to organizations caring for China's homeless thousands.

Disheartening to foreign and Chinese relief officials here has been the failure of the American Red Cross Drive to produce results originally expected following President's Roosevelt's appeal for U.S.$1,000,000. However, the drive for contributions in America is continuing, small amounts are still being sent and hopes for larger contributions in the future are still held.

Major reasons for the bogging down of American aid are attributed by Dr. John Earl Baker, director of the Shanghai International Red Cross, to the floods in California and Arkansas; the widespread economic recession resulting in unemployment; the fact that the "drive" was not actually a Red Cross systematic drive, but purely an appeal for contributions. A factor, too, has been a strategic switch in Japanese propaganda from pro-Japanese to an attempt to cultivate a *laissez-faire* attitude among Americans regarding Oriental affairs. In other words, Japan is now telling America, "Let the Orient stew in her own juice."

Notwithstanding unfavorable American internal conditions, contributions received so far from the United States total U.S.$235,000. Previous to Roosevelt's appeal, the American Red Cross disbursed from its own treasury U.S.$165,000. In later months, two separate contributions were made—one for U.S.$40,000; one for U.S.$30,000.

These contributions were not allocated in their entirety for use of the Shanghai International Red Cross bureau. Some were earmarked for distribution to other parts of China by the American Advisory Committee and the American Ambassador, Nelson T. Johnson.

However, since the Shanghai office began its drive on October 4th, 1937, a total of M.$1,401,377 has been received. Under the constant drain of funds for all types of relief, they had on hand on March 12th, the small sum of M.$2,754. This amount, however, did not represent the bureaus total finances since funds set aside for certain branches of relief had not been absorbed in entirety.

Money, of course, is still coming in at the rate of a few thousand dollars a week. Local response has been cheering. Up until the end of the year, M.$100,000 had been raised in Shanghai. Money was received from Soviet Russia, Great Britain and Australia besides the American contributions. Germany sent medical supplies. Some time ago, a Chinese group in London sent M.$10,000. Last week the Shanghai International Red Cross treasury was boosted by M.$16,000. Chinese and American friends in Honolulu remitted M.$10,000. The American Advisory Committee donated M.$6000 for civilian relief work in China.

A shipment of about 5500 pounds of medical cod liver oil, constituting a gift from the Norwegian producers to Chinese war refugees, recently arrived here. Part of the shipment has been distributed to various refugee camps here; 48 tins (each containing 22 pounds) have been given to the Shanghai International Red Cross, 24 tins to the International Relief Committee, and 12 tins to the Shanghai Y.M.C.A.

At the same time in London, the Lord Mayor, Sir Harry Twyford, made a second broadcasted appeal for funds for China relief. Encouraging, too, has been the response of the Save-a-Life-a-Month Club of the Red Cross. Members in this club who are pledged to contribute $3 a month—the monthly expense of one refugee—have risen to 400 in number. Many of the members are contributing more than $3. The fund, already collected through the Lord Mayor's efforts totals approximately £100,000, including £18,000 in medical supplies and clothing. Other large sums have been received by the Central Executive Committee locally. Altogether, approximately M. $1,800,000 has been raised by the combined efforts of the China Association, the Conference of British Missionary Societies, and the British Red Cross Society. This sum includes M. $900 received by the local committee from Lieut-Col. Griffin, D. S. C. First Battalion Lincolnshire Regiment, who wrote: "This sum was subscribed by the Men of the Battalion who were stationed in China, 1931-1934." Other subscribers known locally are H. E. Sir High Knatchbull-Hugessen, K. C. M. G., £25; Messrs. Butterfield & Sire, M. $5000; the Shanghai Race Club, M. $2,000; League of Nations Society of Ireland, £300; Scottish Branch, British Red Cross, £750; and the National Missionary Council of Australia, £96 :6 :4.

Locally, Great Britain evinced interest in the Shanghai relief situation when Sir Archibald Clark Kerr, British Ambassador to China, accompanied by Sir Herbert Phillips, British Consul-General here, made a tour last week of four refugee camps with Dr. Sao-Ke Alfred Sze, former Chinese Ambassador to Washington and Dr. Baker.

Notwithstanding these minor optimistic signs, the American Advisory Committee is showing deep concern over the present situation. The committee on March 9th allocated M.$105,000, representing practically all the money on hand, to relief organizations and hospitals in Shanghai, Nanking, Peiping, Tientsin, Hankow, Paotingfu and other places, includ-

ing Wusih, Wuhu and other cities in the Shanghai district.

The seriousness of the predicament which the American committee faces was indicated by the fact that the committee has on hand appeals exceeding M.$450,000 of the most urgent character. Three large appeals for relief in interior districts of Central, South and West China exceeding M.$1,000,000, practically had to be disregarded. They were referred back to the Hankow International Relief Committee.

At the present time, some 200,000 refugees are being fed in Shanghai, while in Nanking 23,000 are housed in camps and in the zone areas the International Relief Committee is giving aid to some 150,000 destitute persons. The money for the Shanghai services is supplied by various organizations and expended largely through the International Red Cross.

Two phases of work in the Shanghai refugee camps were admirably handled by the various organizations here concerned with the relief problem. They were the clothing problem and the educational program.

Concerning education in the camps, H. S. Redfern, writing in the *Chinese Recorder* (*February*), states:

"Many of the inmates are given opportunities to engage in such occupations as embroidering, the making or mending of shoes, and the knitting of stockings. In many camps vigorous evangelistic campaigns are being conducted, while in nearly all camps, some educational work for children or adults (or both) is being carried on. This work is conducted by the Education Committee (Shanghai International Red Cross) with the assistance of about a dozen inspectors who divide the field among them. Through the medium of these inspectors, investigations of the status of educational work in each camp are conducted and assistance rendered by supplying school equipment, text-books and even by giving financial assistance to the schools in the engagement of teachers.

"From an educational point of view, the problems presented by these camps are as varied as the camps themselves. In some, particularly in those which are occupying former school buildings, educational equipment of all kinds is available and a full program of education, including work of kindergarten, lower and higher primary grades and adult instruction is carried on. In others, the work is a more primitive character . . . . . ."

Writing in the same issue of the *Chinese Recorder*, Mrs. W. S. New, chairman of the Clothing Committee of the Chinese Medical Association, describes the work of that committee:

"Most of the bags (contributions from various places) contained thin summer garments which were not suitable to be given to the refugees. It was decided to use two garments of the same size to make one padded garment, or to patch together several to make one warm padded garment. This matching and sorting called for keen intelligence and judgment so that nothing was wasted, and keeping in mind the making of clothing that would be pleasing in appearance. We wanted to cheer the refugees a little . . . If they could have some prettier clothes—especially the children—they would be encouraged to look after themselves, and brighten a little corner in the congested rooms. Bright printed voiles and other gay materials were used to make quilt covers for cotton padded quilts. The American Women's Club helped us to sew these, and took time to make them attractive . . .

"When we began padding clothing, it became necessary to employ sewing women. The Chinese Women's Club gave us $200 and we used this money to buy cotton for padding and to pay some sewing women. It was not possible to ask women in one refugee camp to sew for those in other camps because of the danger of spreading disease. The women we employed were refugees but were living in houses with friends or relatives. They receive only a very nominal sum for their work. The Ming Hwa Thread Company allowed their staff of factory women to help us pad the garments. The Y.W.C.A. Refugee Camp cooperated with our committee splendidly by permitting use to make their labor project to complete garments for our supply. Later on, we were appointed as a sub-committee of the Shanghai Internation Red Cross . . ."

Mrs. New, at that time, was appointed a member of the Shanghai Relief Society and took over the responsibility for providing refugees in the Nantao Refugee Zone with clothing.

Notwithstanding the laudable work being carried on by the local Red Cross which houses in their 147 camps some 123,000 refugees, the situation in Shanghai remains sad. Sad, indeed, when 11 starving persons whose only thought is to ward off slow death, must be labeled "miscreants" and "thieves," and the food they have taken to keep body and soul together, must be known as "booty." It is enlightening, then, to quote verbatim from the (*Shanghai Times March 18*) whose writers, obviously, have never known the pangs of hunger. Here is what the 11 hungry, homeless "villians" did:

"Heavily laden with containers full of bean curd, 11 Chinese, ranging in age from 14 to 71 years, were arrested by Japanese sentries on Geemai Road at 1:30 o'clock yesterday morning, the Shanghai Mainichi reported last night.

"Taken to the Consular Police Station, the thieves who included two women, confessed that they had arrived from Kaochiao, in Pootung, in junks in search of food.

"Learning that a co-villager had stolen some curd in a shop on Hailar Road, the band made its way to Hailar Road and succeeded in loading themselves with booty. The 11 miscreants were handed over to the Shanghai Municipal police."

Although the number of persons being housed in refugee camps at Nanking has decreased since last December, the International Relief Committee is not optimistic concerning future conditions. With chances of economic recovery still remote and with about one-third of the normal planting in adjacent farms, food and relief problems are expected to increase until the wheat harvest in June. Growing banditry and pillaging of farmers by soldiers may prevent the harvesting and moving of this crop; if such is the case, the committee feels that the danger of famine in the late summer or autumn will be serious.

Added to Nanking's distress, was the sudden order late in January by Japanese authorities commanding all persons in camps to return to their homes. The committee met this situation with cash donations, averaging $3.83 a family. Up until March 5th, 4137 families were aided in this manner, necessitating a payoff of $15,864.

The committee also is laying plans to clean up the garbage and filth which has accumulated in the streets, yards and vacant lots since the Zone Committee turned over its garbage disposal and similar public functions to the local authorities in January. The committee, of course, is assuming no continued responsibility for this work. Coolies will be hired for such clean-up, for burying the many caskets still remaining inside the former zone area, and to help the Red Swastika society bury the many bodies outside the city gates. Other work projects also will be started to help improve the destroyed areas of the city.

E. S.

Japanese Claim British and Germans Accepting New Peiping Currency

WHILE the foreign exchange rate continued steady throughout the week despite reports that allocations of foreign currency purchase permits made by the Central Bank of China were not enough to absorb business requirements in Shanghai, Tokyo's *Japan Times* reflected the opinion that dislocation of the Chinese government currency system "appeared inevitable." The journal, a mouthpiece of Japan's foreign office, reported that numerous Shanghai residents are attempting to convert their money into commodities "in a most active manner;" hoarding and cornering are rife and market prices of commodities, securities and gold bullion are advancing sharply and continuously.

The selling rate by the Hongkong and Shanghai Bank Wednesday morning was $344.83 for U.S.$100. The buying rate was $341.15. While original reports from Hankow were to the effect that only £300,000 out of a requested £1,200,000 had been allocated by the Central Bank, later information said that the sum actually allocated was in excess of £400,000.

FANNING THE EMBERS

Dixon in Daily Worker, N. Y.

This amount is believed sufficient to take care of urgent requirements. However, the *Financial Times* of London is not so optimistic. "The hardship that must fall upon Shanghai's new exchange regulations of the Chinese Government cannot be exaggerated," the paper stated on March 21. "As the main clearing center of Far Eastern trade, Shanghai must inevitably claim a large measure of financial freedom," the journal claimed. The *Times* expressed the hope that the Chinese Government will quickly see its way to allocating a percentage of the total foreign exchange to Shanghai without involving the mediation of Hankow or Hongkong.

In despatches on separate dates, *Domei News agency* reported the capitulation of British banks and shipping firms to the acceptance of the new "Federated Reserve Bank of China" currency. Following conversations with Japanese and Chinese banking officials, *Domei* says, the Hongkong and Shanghai Banking Corporation accepted $30,000 in new notes through the Yokohama Specie Bank. Reported participating in the conversations were representatives of the International Chamber of Commerce in Tientsin, British banks, the Yokohama Specie Bank, the Bank of Chosen and the "Federal Reserve Bank." The accord, *Domei* quotes Tientsin bankers as saying, will greatly ease the North China money market. A previous *Domei* report said that Butterfield & Swire and Jardine, Matheson & Company, British shipping firms, concluded large transactions in sugar, raw cotton, wheat and other commodities with new Peiping banknotes.

Novel Means of Circulation

Meanwhile, despite the refusal of other foreign banks in Tientsin to handle the notes of the new "Federated Bank," the bills were reported gaining in circulation throughout the cities of Peiping and Tientsin. However, the "Federated Bank" was attempting to circumvent the frustration by the banks in a novel manner. Chinese police at Tientsin halted Chinese in the streets, searched them and confiscated all Central Government notes found, substituting Federated notes. At the same time, the manager of the German bank in that city denied reports that his bank was supporting the new currency. He said the German bank was following the policy adopted by other foreign banks in accepting the new currency for special accounts which will be payable only in Federated Reserve Bank notes.

However, according to Japanese newspapers, German banks and commercial firms have definitely expressed their support of the new currency. Representatives of both Krupp and Carlowitz & Co., are said to have called at the Japanese Embassy as well as on other responsible officials on March 17th and proposed:

1. Germany will adopt the barter system and export machinery, railway building material, etc., to North China.
2. North China will export to Germany cotton, wool and peanuts.
3. Both imports and exports will be paid for in the new currency of the "Federal Reserve Bank."

Reports reaching Shanghai said that the financial markets of these two cities were thrown into great confusion by the issuance of the new notes. A reported $16,000,000 worth of the federated currency with the names of Peiping and Tientsin stamped on them have been issued by the Bank of China and the Bank of Communications in the last two weeks due to a demand for Chinese Government legal tender. The demand is a result of refusal of foreign banks to accept the notes and the lack of trust in the federated currency by the Chinese. Federated one dollar notes bring only 80 cents in legal tender notes on the market. Not discouraged, the Japanese-created banks are expanding, with four new branches to be opened in Tsingtao, Tsinan, Tangshan and Shihchiachuang. Meanwhile, the financial department of the "Nanking Self-Governing Association" is reported to be planning the organization of a Nanking City Bank. A move to bolster the security reserve of the Bank of Japan from Yen 1,000,000,000 to Yen 1,700,000,000 was reported March 17th.

Foreign Oil Firms Suspend

In connection with the confusion caused by the issuance of new currency, the *United Press* (March 20) reported that the Tientsin offices of the Standard-Vacuum Oil Company, Asiatic Petroleum Co. North China Ltd., and the Texas Company (China) Ltd., suspended business. No reason for the foreign firms' action were mentioned. Japanese circles in Tientsin, however, speculated whether the reported suspension of business was partially the result of currency difficulties in North China.

In Shanghai, local banks decided during the week to take definite action regarding the question of foreign currency allotments. They decided that Chinese banks which want to buy foreign exchange for legitimate business purposes may apply to the Central Bank of China, the Bank of China or the Bank of Communications in Shanghai, giving a detailed list explaining the exact purpose of the planned purchases. If applications are approved by the banks here, allotments of foreign exchange will be made at current market rates. It was also stated that foreign exchange to amounts not exceeding £50 or U.S.$200 may be bought from local foreign banks

without an application to the head office or the Hongkong forwarding office of the Central Bank of China.

However, an office of the Central Bank of China has been established in Hongkong to receive and transmit applications for purchase of foreign currency to the head office at Hankow. In order to prevent the disturbance of the Chinese monetary situation by the "Federated Bank," the Ministry of Finance recently authorized the Central Bank to centralize control over all dealings in foreign exchange. While foreign banks are reported to have asked that a similar branch be established in Shanghai, it appeared unlikely late last week that the finance ministry would do so. Conditions in Shanghai are considered too unfavorable to grant the request.

Chinese Press Optimistic

The Chinese press is of the opinion that the new currency control will protect China's economy.

"The new currency control measures," says the *Wen Hui Pao* (March 17th) "have been received with sympathy by the foreign banks, supported by the Chinese banks. The state of confusion, which prevailed in the local market immediately after the promulgation of the decree, has already cleared.

"When the first reports were received locally about the planned organization of the "Federal Reserve Bank", some over-sensitive persons predicted serious difficulties ahead for the legal tender notes. Now, these worries should have been eliminated. As a British paper recently said in an editorial: "China's financial strength is one of the many factors for a defeat of Japan". This is no exaggeration. For eight months, the war has been going on and the Chinese currency has been maintained on the same level as before. Generally, there has also been only little fluctuation as regards commodity prices, except in Shanghai, where such fluctuation is due to the severance of communications. Chinese Bonds in foreign markets have remained in a strong position and in spite of the large ammunition imports in recent months, the usual ratio between imports and exports has been maintained. All this shows how strong China is financially and that she can carry on a protracted war easily.

"After the currency reform in 1935, China succeeded in concentrating the economic strength of the country and in building an economic wall of defence. Time and again, the Japanese have attacked this wall, but they are too late now to destroy it.

"Theoretically", the paper goes on," The 'Federal Reserve Bank' may be able to undermine the Chinese currency in two ways: by collecting legal tender notes in the Japanese-occupied areas and converting them into foreign exchange or by driving the legal tender notes out of North China, thus creating a situation where there may be a surplus of legal tender in the rest of the country and thus an unprecedented increase of commodity prices may originate.

"The first possibility has been completely eliminated by the currency control measures. As to the second point, the Japanese will find it most difficult to carry out their plans. The Government banks have issued only very little legal tender with the names of Northern cities stamped on and the cash reserve for these notes previously entirely stored in Shanghai, has now been transferred to the interior. What little cash reserve there remains in Tientsin, hardly amounts to anything at all.

"There is no reason to fear at present that Federal Reserve Bank notes may circulate in Central and South China. On account of its weak position, the new bank will not be in a position to damage the Chinese currency. The capital of the bank is supposed to be $50,000,000 but only half has actually been paid up. Boasting of a cash reserve of 40%, the new bank found it necessary nevertheless to store large amounts of legal tenders notes, as otherwise the people would have no confidence at all in the new notes. Furthermore, the people have actually been driven out of their homes in Hopei and Chahar. Only the railway lines are under Japanese occupation and but very little farm produce can actually be exported via Tsingtao or Tientsin. The $100,000,000 which the Japanese have promised to loan the new bank, will barely be sufficient to maintain trade even between Japan and North China."

Smuggling of Gold Halted

An aftermath of the new exchange measures was the booming of the price of gold and other valuable metals in Shanghai. Gold increased by $50 per gold bar. However, an attempt to smuggle $700,000 in gold bars out of Shanghai on the S.S. Shenking on March 17th was halted by the customs. The more than 10 persons engaged in the attempt carried as many as 64 each.

Regarding the customs situation, it is reported that Chinese exports from Tientsin, Tsingtao and other North China ports to foreign countries will have to pay regular tariff dues here in accordance with legal rates, if they pass Shanghai en route to foreign countries. Customs authorities took this action owing to the revision of tariffs made by the "Provisional Government". As long as no satisfactory settlement of the Customs' issue has been reached, exporters in Shanghai will have to pay definite sums as deposits to the Customs to cover their exports from North China abroad.

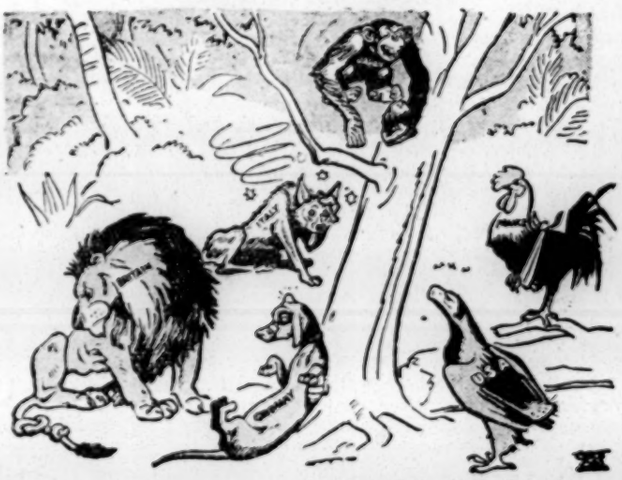
Meanwhile, the *Sin Wen Pao*, Chinese language newspaper, reports that smuggling of goods into Shanghai continues unabated, causing serious hardship to legitimate business transactions.

Smuggled artificial silk is being sold for $180 or $160 per bale while the regular market price is $400. Smuggled sugar is cold at 11 per picul.

The Shanghai Customs' Revenue before the hostilities amounted to about $20,000,000 per month, at present it has, however, fallen off to a more $4,000,000 partly due to smuggling, partly due to the diminishing of trade, in view of the fighting in the interior.

Negotiations between the Customs authorities and the Japanese, in which diplomatic representatives of Great Britain participate, are still in progress, but no agreement has yet been reached. Details about these parleys are unobtainable, as all parties to them observe the strictest secrecy. The Chinese Maritime Customs at Tsingtao and Tientsin are still under the control of Sir Frederick Maze, Inspector-General of the Chinese Maritime Customs. On Monday of this week, a snag was reported to have been hit in the conversations concerning the future status of the Customs, now being held in Tokyo. E. L. Hall-Patch of the local British Embassy left Shanghai March 21 for Tokyo to report on the difficulties believed to have been encountered.

MONKEY BUSINESS



Glasgow (Scotland) Record

Salt Revenue Bolsters Finances

A healthy sign for China's finances was the report of the Chinese Salt Administration. Preliminary figures indicate that the total collections of salt revenue for the year 1937 amounted in round figures to $213,000,000. The decline of $5,000,000 in receipts, as compared with the record year of 1936, is due to the conditions crated by the fighting in the latter part of the year, collections during the first six months of 1937 having actually exceeded those of the same period of 1936 by $14,700,000.

The above total is exclusive of receipts made in the important five disricts of Changlu, Chinpei, Sungkiang, Anhwei and Shantung after the Japanese military occupation, when the offices found it impossible to continue their functions. A few remote districts were further prevented from sending in their data in time owing to temporary disruption of communications.

It is emphasized that if peaceful conditions had obtained throughout the vear a revenue of at least $250,-000,000 would have been collected.

All foreign loan obligations secured on the salt revenue were fully met, payments made during 1937 under

WHO'S THE NEXT VICTIM

Glasgow (Scotland) Record

this item for both amortization and interest amounting to £942,823,-1-10 and U.S.$303,187.50.

At the same time, Canton reports that in order to assist the silk and cotton traders in Kwangtung in reviving business, the Provincial Department of Reconstruction has decided to extend credit loans to the amount of $200,000, through the Kwangtung Provincial Bank and the Canton Branch of the Bank of Communications.

Last year similar loans amounting to $330,000 were extended to the silk trade by the Provincial Department of Reconstruction, with very satisfactory results.

Rural credit loans granted by the Farmers' Bank of China amount to more that $24 millions up to the present time, it is announced at the Ministry of Finance.

These loans have been extended for the promotion of rural cooperative enterprises to farmers in the provinces of Kiangsu, Chekiang, Hunan, Fukien, Kwangtung, Hupeh, Anhwei, Kansu, Szechuan, Kiangsi, Kweichow, Shansi and Shensi.

The Farmers' Bank has also granted drought relief Loans, amounting to more than $5. millions, to farmers in the various frontier provinces, it is announced.

Japanese Troops Resume Push Toward Hsuchow Along Tsinpu Line

This week China's 2,500-year-old Grand Canal, at a point southeast of Tenghsien and near Hanchwang in southern Shantung Province, was the scene of perhaps the bitterest fighting of mechanized armies this ancient waterway ever witnessed in its 25 centuries of existence.

The clash came as the Japanese spearhead pushed relentlessly down the Tientsin-Pukow Railway to meet the staunch resistance of Chinese troops. Facing each other on opposite banks of the canal, with only 50 yards separating their front lines, they engaged in a terrific exchange of hand grenades. On the night of March 19th, Chinese forces attacked Tenghsien and the Japanese troops counter-attacked at dawn of March 20. On the northern sector of the railway, the Chinese held a line from Hanchwang, south of Lincheng, to Yihsien, northeast of Hanchwang. In an attempt to stem the Japanese drive, a general offensive was launched by the Chinese left wing early on the morning of March 20th in the vicinity of Tsining and Chiatsiang. Chinese reports claim that Japanese casualties in this are totalled 3,000, including two high officers. *Reuter* reports that although the Chinese are being driven back driven by the Japanese advance on Hsuchow, they are fighting to the bitter end and selling every inch of ground dearly. Generals are refusing to give the order to withdraw until the last moment. Three Chinese high commanders were killed in the Tenghsien area and three seriously wounded.

Japanese forces are advancing nearer Hsuchowfu, the objective of the present Japanese drive on the Tientsin-Pukow railway front, the *United* Press reported March 22. Gunfire was plainly audible in the city as Japanese artillery units shelled Chinese positions south of Likuoyih, about 20 miles north of Hsuchowfu. *Domei* reported that Chinese troops retreating toward Hsuchow as Japanese forces advanced, left more than 1,000 dead near Tenghsien and Lincheng. Japanese also claimed to have captured an armored train, seven field guns, three trench mortars, 60 machine-guns and more than 100 junks in this sector.

Heartening to those who recalled General Ma Chan-shan's heroic defense of Nonni River in the Manchurian war of 1932, was the general's personal telegram to Hankow announcing that he, in command of a brigade of Chinese troops and also troops belonging to General Liu Sheng-wu, crossed the Yellow River on March 16 and launched on attack on Japanese forces defending Tohsien. The general said he captured the city after 48 hours of fighting.

Guerrillas Active in Shanghai Area

In the Shanghai area, no little worry to the Japanese commanders were the systematic operations of Chinese guerrilla units. Admitting that the roving Chinese armies were forcing large scale operations, they said that about 20,000 Japanese soldiers are engaged in combating them. Informed neutral observers here are unable to estimate the number of Chinese guerrillas operating in the Tai Hu area, but it is thought to be considerable. The Chinese are using junks on the lake to a great extent, and on several occasions, Japanese in sampans have had minor "naval engagements" with them. To the north, the city of Poyang, on the northern bank of the Yellow River, south Hopei, was recaptured by a strong guerrilla force of Chinese March 16. Guerrillas, after crossing to the northern bank of the Chientang River on March 17, attacked the Japanese near Haining and succeeded in breaking through at three points, recapturing Haokiaochen and Kwowangchen, both near Haining, Chekiang Province. Chinese reports also claim six Japanese motor-boats were sunk when guerillas attack Tsungteh, northeast of Hangchow, along the Grand Canal.

Chinese Forces in Northwest Still Active

Fierce fighting continues in the northwest, with Chinese reporting advances. The cities of Hotsing, Yungho and Lintsing, on the eastern bank of the Yellow River, in south-western Shansi, were recaptured March 21 by Chinese troops, says *Kuo Min*. Advancing eastwards from Yungho, the Chinese troops encountered the Japanese at Wanchwan, south-western Shansi, where severe fighting raged March 20. One regiment of the 87th Division under Major-General Shen Fa-tsao has crossed to the northern bank of the Yellow River to assist in mopping up Japanese remnants in southern Shansi. Chungyang (Ningsiang), 118 miles south-west of Taiyuan, in western Shansi, is being besieged by Chinese troops. Japanese troops along the Chungyang-Lishih Highway have been withdrawn to the vicinity of Lishih, 132 miles south-west of Taiyuan.

However, *Domei* reports that Ki-hsien, one of the most important towns in southwestern Shansi, was occupied by the Koito detachment March 21. Early in the afternoon, the Kobayashi detachment entered the town from the east, after defeating a force of 4,000 Chinese soldiers.

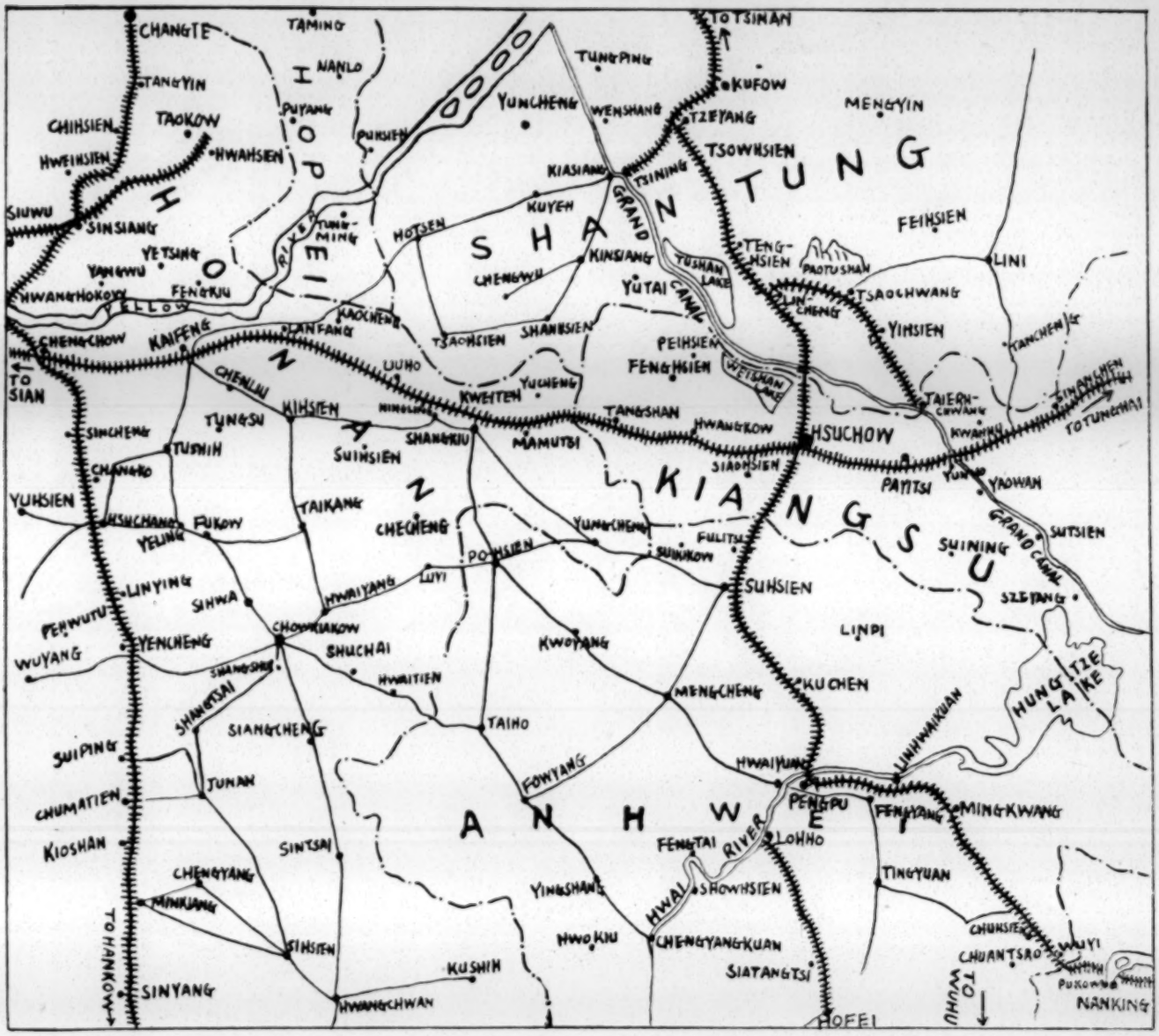
With the Yumenkow ford across the Yellow River barred to the retreating troops by Central Army patrols, Ki-hsien's defenders were reported to be streaming to the mountainous area between Ki-hsien and Siangning. Communist forces in Shansi are resorting more and more to guerilla warfare and propaganda, *Domei* claims. Having established headquarters in the mountainous region near Tsin-hsien, about 68 kilometers southeast of Pingyao, Gen. Chu Teh, "Little Napoleon" of the red empire, was reported to be in command of about six divisions operating in the Wusiang area midway between Tsin-hsien and Yushe in southeastern Shansi. The Japanese news agency also reports that a swift, surprise thrust by Gen. Yen Hsi-shan's troops into southeastern Suiyuan on March 17 was beaten back by the determined resistance of Mongolian and Japanese troops.

In the Central China area, fighting continued bitter, with the Chinese showing determined resistance against the onslaught on Japanese troops.

The city of Wuhing (Huchow), the silk production center in northern Chekiang, which was recaptured by Chinese guerillas on March 15, was abandoned March 17 owing to a violent counter-attack by the Japanese, for whom reinforcements were rushed from Hangchow, *Kuo Min* reports. Fierce fighting raged during the week at Sunkiapu, on the Kiangnan Railway, between Suancheng and Ningkwo, in south-eastern Anhwei. Although Japanese artillery units at Tungshan and Shihkueichen shelled the Chinese positions all day March 17, little damage was done to the Chinese defence works. In order to cover the advance of a Japanese engineering corps effecting repairs to the damaged tracks of the Yangkiakiao-Chussukiang section of the Kiangnan Railway, more than 200 Japanese soldiers made an attempt on March 17 to cross the Tsingyi Kiang (river) from Tayangkiao and Siaoyangkiao but were repulsed by the Chinese defending the western bank of the river.

Trapped within the walls of Kwangteh, an important Anhwei town 60 klms. southwest of Lake Tai, 20,000 Chinese troops were heavily bombed by Japanese naval airplanes March 18, *Domei* reported. The Chinese troops retreated to Kwangteh from their positions in the Sanchow mountains earlier this week, as four Japanese mobile columns began to tighten their ring around the region.

A night attack was launched by Chinese guerillas on the Japanese garrison at Chussukiang, south of Wuhu, in south-eastern Anhwei, March 15. While the Chinese were destroying the barbed



wire entanglements at the Chussukiang omnibus station, the Japanese opened fire and engaged the Chinese. In the encounter scores of Japanese were killed, the Chinese withdrawing at down on Wednesday, *Kuo Min* says.

If Gen. Chiang Kai-shek's administration is to be overthrown, it is "urgently necessary" to occupy Hankow at the earliest possible opportunity, Major-Gen. Yasunosuke Satoh, I.J.A.R., declared in a dispatch to the influential Tokyo *Nichi-Nichi* this week, *Domei* reported. The officer is now in Shanghai, gathering data for a series of articles for the leading journal. Japan, the officer added, "must carry out vigorous military operations in both North and Central China, so as to bring about the fall of Hankow." Gen. Chiang's expulsion from Hankow, the dispatch said, is also "fervently desired by those Chinese, such as members of the Provisional Government in Peiping and of autonomous regimes in North and Central China, who have peace and order in China at heart."

In Tientsin, Japanese reinforcements, consisting of four division, are arriving by rail from Manchuria, *Kuo Min* reports. Of the four divisions, two have been assigned to the Tientsin-Pukow front and one each to the Peiping-Hankow and Chengting-Taiyuan railways. A batch of 600 Japanese soldiers and 1,000 and "Manchukuo" troops departed southwards from Tientsin March 14 o reinforce Japanese in Shantung.

General mobilization of resources and men in Yunnan has made considerable progress, according to Major-General Tseng Chi, counsellor of the National Defence Council. In Szechuen they are preparing to despatch more troops to the front shortly, General Teng Hsi-hou, pacification commissioner for Szechuen and Sikang, announced.

Newspaper Work Becomes Hazardous Under Fascist Regimes

The German Nazis "put the press in its place" at the beginning of the Austrian occupation by detaining all foreign correspondents for a considerable time at the Foreign Office in Vienna. The correspondents had called at the Foreign Office to obtain permits to attend and report developments at a reception at the Heldenplatz where Herr Hitler was scheduled to give an address. The journalists were detained for an hour and released some 40 minutes after Hitler had arrived. A German sentry on duty to the Foreign Office threatened to shoot anyone who left the room.

Later the Vienna correspondent of the London *Daily Telegraph*, who had resided in the Austrial capital for 13 years, was expelled from Austria by the Gestapo, or German secret service. The order was later rescinded.

That Japan plans to imitate press restrictions now applied in Germany and Italy was indicated in a discussion in the Diet on March 10 connected with the new Mobilization Bill. It was pointed out that Section 20 of the proposed law gave the government power "in time of war" to order restrictions on newspapers or matters printed in newspapers . . . the Government may prohibit the sale or distribution of or confiscate newspapers or other publications violating the restricted or prohibited items regarded as hindering national general mobilization."

The *Tsingtao Times*, only English language newspaaer in Tsingtao, was banned for one day by the Japanese military authorities, no reason for the action being given. The paper was banned on the day that Tsingtao was visited by a group of foreign correspondents from Tokyo who were making a tour of North China as the guests of an official of the Mitsui interests.

Europe Breathes Easier As Second War Scare Within Week Fades

Tension in Europe relaxed somewhat this week as the second war scare, coming immediately after Germany's invasion of Austria, was settled amicably following the sending of a Polish ultimatum to Lithuania.

The Lithuanian reply was handed March 19 to the Polish Minister in Tallinn, the capital of Esthonia, by the Lithuanian Minister, following the Diet's approval of the Government's decision to comply with the ultimatum, which demanded that Lithuania agree to re-establish diplomatic relations and to reopen traffic communications by March 31. For 20 years there has been no traffic between the two countries. The ultimatum indicated that there could be no discussion of principles, only of technicalities.

"KAISER" HITLER

News-Review, London.

A spokesman of the Polish Foreign Office in Warsaw, interviewed by *Reuter*, said that the strong Note to Lithuania was actually an ultimatum of peace. Poland, he added, was very pleased to resume relations with Lithuania. There was no question of a triumphal conquest of Lithuania.

It was drafted after an emergency meeting of the Lithuanian Cabinet, during which five out of eight Ministers are said to have favored acceptance of the terms of the ultimatum, which

1. Demanded a restoration of diplomatic relations between the two countries.
2. Rejected Lithuania's proposal for the formation of a mixed commission to settle all outstanding differences.
3. Demanded the appointment of a Lithuanian representative to Warsaw before March 31.

Before accepting the Polish Note, the Government turned down a proposal by semi-military organizations—contained in a memorandum presented to the President, M. Smetona—urging rejection of the ultimatum.

Instead, it demanded the maintenance of strict discipline.

Subsequently, to cope with any possible trouble, reservists were ordered to stand by.

The unconditional acceptance of Poland's demands has left much bitter feeling in Lithuania, as it is considered a surrender to the threat of invasion. It is expected that anti-Polish sentiment will find expression in the resignation of three or four Ministers, including M. Lozoraitis, Minister of Foreign Affairs.

The Lithuanian reply has considerably eased the tension in Poland, where crowds had vociferously demanded the invasion of Lithuania in demonstrations during the past 24 hours.

Poland backed up its ultimatum by concentrating troops along the frontier. Marshal Edward Rydz-Smigly, Chief Inspector of the Polish Army, was enthusiastically greeted on his arrival at Vilna and Warsaw yesterday to interview high Polish officials, including Colonel Joseph Beck, the Polish Foreign Minister, regarding the situation.

The tension between the two countries arose out of an incident early this week, in which Lithuanian guards are alleged to have killed a Polish soldier in a frontier clash.

The situation subsequently became aggravated when 15 Polish troops are reported to have crossed the border and abducted a Lithuanian policeman.

Nazis Consolidate Control over Austria

Herr Hitler's bloodless march on Vienna last week and the proclamation of the anschluss has resulted in almost complete Nazi control of Austria, which is now a province in the "Great German Reich." As plans are being pushed for the holding of a Nazified plebiscite in Austria on April 10, the new Administration is rapidly assuming control of every aspect of public life in Austria.

There has been a purge in every department of Administration, particularly in the police.

There are two very dark sides to the picture of the Nazi success in Austria. They are: (1) The number of suicides of prominent opponents to the regime, many of which have not been published. The latest suicides include:

Herr Neustadt Stuermer, former Austrian Minister for the Interior;

Herr Kurt Sonnenfeld, Editor of the Neuefreie Press, and

Herr Egon Friedel, the distinguished historian.

(2) The pitiful plight of 200,000 Jews in Vienna, who suddenly find themselves faced with the severest form of anti-Semiticism. Fully 90 per cent of the shops in Vienna have been taken over while few of those which are left at present do any business. Bereft of a livelihood, unable to leave the country and treated like cattle by the ruling classes, the Jews are desperate. The number of suicides is increasing.

Britain Hopes for Accord With Italy

A British cabinet crisis and a split in the Conservative Party have been definitely avoided since the Austro-German anschluss has not been followed by a coup against Czechoslovakia, competent observers in London stated, according to a *Havas* report on March 20.

These observers defined the present position of British foreign policy as follows:

1. With regard to Czechoslovakia, the British Government is considering diplomatic action in order to induce the Czechs to grant autonomy to the German Sudeten minority and to accept a slight alteration in the Czech-German border with a view to satisfying German claims without violence.
2. Dealing with France, the British Government is determined to maintain the protection of the Rhine borders but rejects any commitments with regard to Czechoslovakia so as to convince Czechoslovakia and France that the Sudeten problem should not be considered as a casus belli.
3. In connection with Italy, the British Government is optimistic concerning the speedy success of the present negotiations which would grant Il Duce greater freedom of action towards the Reich.
4. With regard to Spain, General Franco's final victory is generally anticipated in the near future and will put an end to the international difficulties created by interminable discussions by the non-intervention committee regarding the withdrawal of foreign

THE DANGEROUS "AXIS"

Daily Worker, N. Y.

volunteers from Spain. Certain circles are of the opinion that a secret agreement has been concluded between Great Britain and General Franco whereby all foreign volunteers will be withdrawn as soon as the final victory is carried off.

Other circles are of the opinion that Britain will grant credits to Franco on condition that he puts an end to Italian and German influences.

5. Concern is expressed by the Government with regard to the Mexican oil question, since the oils used by the British navy were chiefly imported from Mexico. The oilfields in Trinidad will be developed immediately unless some arrangement is reached with Mexico.

Barcelona Pitilessly Bombed by Nationalist Raiders

With the launching of a strong Nationalist push along the Aragon front, which seemed at first as though it would wipe out Republican resistance, the Spanish insurgents sent hundreds of bombing planes over Barcelona, capital of the Republican area, which conducted one of the most pitiless aerial bombings of modern warfare.

Seven hundred people were killed and more than a thousand wounded by the capsules of death dropped on the city by the insurgent raiders. France and Great Britain expressed horror, and renewed their suggestions to the Spanish combatants that the bombing of civilian populations and undefended cities be banned by mutual agreement. A previous suggestion of this type had been accepted by the Republicans, but General Francisco Franco has answered the appeal by a series of air raids that will go down in history along with the attack on Guernica.

Europe Gives in to Principle of Force

With the successful completion of the anschluss by Herr Hitler, and the application of force to Lithuania by Poland, Europe seems on the verge of abandoning the idea of the peaceful settlement of disputes which was built up so laboriously following the World War.

Minorities all over Europe have been stirred by recent events, and the armament programs of all nations have been boosted by the demonstration that a few nations are unwilling to rely on anything but force to accomplish their aims.

Even traditionally neutral Switzerland is preparing in order to avoid the possibility that one of her strong neighbors may attack another neighbor by a quick drive through Swiss territory in order to avoid prepared defense works.

Referring to the Swiss military maneuvers in Tessin, authorized circles in Berne declared that Switzerland, as a result of the armaments of other states, has been forced to modernize her national defense and hold maneuvers, which extend to all the frontiers and have been held regularly of late.

However, opinion in Rome has been somewhat shocked by the holding of maneuvers in Switzerland along the Italian frontier. The Giornale d'Italia writes that the news has caused "the most profound surprise," and believes that the maneuvers are without precedent in the regular activity of the Swiss army. Their character is offensive for Italy, the paper declares, "and can only represent a change in the attitude of Switzerland towards Italy. This change can be noted with only the deepest regret."

Mexico Expropriates Foreign Oil Companies

The Republic of Mexico, according to official announcement of President Lazaro Cardenas, has expropriated the wells and other properties of the large American and British oil companies located in Mexico. The trouble originated over a labor dispute, the Labor Arbitration Board having decided in favor of the Union and ordered the companies to pay workers compensation amounting to about £800,000. The companies originally had refused to comply with a wage increase amounting to U.S.$7,300,000. The number of men involved in the dispute was 17,000. The British Government immediately lodged a strong protest on behalf of British oil interests. President Cardenas charged that the oil companies had "sowed political discontent and promoted revolutionary activities in the oil regions."

Japanese Complete Control of Tsungming Island

With the occupation of Miaochen, a town in the northwestern part of Tsungming Island, on Saturday noon, Japanese forces were in control of the island at the mouth of the Yangtze, a Japanese military spokesman claimed March 20.

Little developments were reported from various fronts, the spokesman added.

On March 17 and 18, Chinese troops launched sporadic and isolated attacks on Japanese positions near Pengpu, on the Tientsin-Pukow Railway, but were repulsed with "heavy losses," the spokesman declared.

The spokesman admitted that one Japanese Army bomber had been lost in an aerial combat near Hsuchow on March 18, when the machine was engaged by six Chinese pursuit craft. The bomber was returning from a raid on Hsuchow station.

"T.V." Puts "New Life" in China's Air Force

"China's air force, mystery-shrouded for months and still by no means easy to check up on in the slightest detail, seems finally to be developing a form, a morale and perhaps (miracle of miracles for China!) some uniformity in supply purchase under the special supervision of Dr. T. V. Soong," an *Evening Post* correspondent wrote from Hankow March 11.

"As a rejuvenating factor, the arrival of Dr. Soong at Hankow and subsequent announcement that he would assume charge of aviation matters has worked wonders in itself for the aerial arm. But there was an odd welter of report and counter-report in this connection and for a time it was difficult to ascertain just what this eminent representative of the Soong clan was really going to do. The truth seems to be that Dr. Soong, long connected only with the Bank of China and until recently at Hongkong, arrived after long urging in Hankow and manifested readiness to collaborate more closely with the Government, being greeted, in effect, with —"Here's a tangle in aviation—suppose you see what you can do about it."

"Actually both Dr. Soong's energetic sister Madame Chiang Kai-shek and his brother-in-law Dr. H. H. Kung had conducted a vigorous investigation at Hongkong in collaboration with Dr. Soong before the latter ever went to Hankow.

THE DIFFERENCE!

London Daily Worker

"Hey, don't you know the difference between British and Chinese?

"Yes indeed, the Hon. Chinese always hit back!"

"There was a four-hour 'huddle' of the Drs. Soong and Kung with all the available airplane salesmen, respectively, including representatives of all but one leading American company—the absentee being out of town,—and they were all asked directly but rather embarrassingly whether they'd ever paid graft or known of anybody else paying any. A great deal of the windy rumor in this respect appears to have been dispelled but on the other hand there are rumors that the presence of a purchase ring was disclosed—a group exacting squeeze out of all sales, and whose chief representative is alleged to be under arrest in Hankow with a shake-up in prospect and a foreign attorney at Hongkong busily engaged in trying to save some quaking clients. All that is plain gossip with fancy embroidery, of course, but at any rate it seems admitted in reliable quarters that evidence of some squeeze was found and that steps have been taken to stamp it out.

"Dr. Soong's acceptance of the aviation job, at the urging of Madame Chiang who had been long in charge but who realized many reasons for retiring to mere board membership, was conditional on his being allowed to do only what he regarded himself as competent to do in that connection. Such an attitude seems extremely wise, for Dr. Soong is not technically informed on military operations matters nor could he, any more than his sister, give the 24-hours-a-day attention necessary to full performance of that task.

"So he takes the view that on matters of general policy and of such specific application as lies within his competency, he will handle the job while he will expect men competent to attend to technical affairs to serve with reference to such matters. Purchases, it seems clear, will be under Dr. Soong's eye instead of in the general jack-pot of the Central Trust which has probably functioned much more competently than has been rumored but which nevertheless has played some part at least in furthering the legend of the "Chinese genius for disorganization."

"Probably the most continuingly mysterious thing about the Chinese air force today is its Russian branch, which in most minds seems practically a separate air force. A lot of grim, hard-bitten Soviet pilots brought in an unknown number of not very well identified airplanes and proceeded to fly them at their own sweet will at the Chinese Government's expense. Moreover, not only did the Soviet people refuse to be ordered about or even to allow outsiders so much as to look at their planes, but they soon developed ideas ranking with the flower of the capitalist idea-crop. They wanted pay equal to other foreign pilots, they put in bills for medical attention having, to put the matter with intentional ambiguity, nothing to do directly with war service, and one flyer was to be sent back to Moscow by air and then returned to China because of some ailment just as well dealt with at Hankow. Moreover, the Russians at first proved unreliable; going out on raids, they flew away from trouble, and some of their planes were disappointing in performance.

"Nevertheless as matters are working out it looks as though the "foreign legion" of non-Russian flyers would be the group liquidated, rather than the Russians. This group numbers all told only about a dozen; the number of the Russians is not known but it has been said that they have less than a hundred planes in China (more than a quarter are said to have been demolished in field crashes during delivery, due to abominable landing facilities and high landing speeds). Obviously ever-advertised and with not more than a half dozen Americans including the renowned Hans Schmidt—who is not a friend of U.S. Ambassador Johnson despite reports to that effect, and who didn't accompany the Formosa raid he was rumored to have led—this group has no doubt done some good work, including instruction, but it has been an expensive headache. Three Americans brought out to join the group proved never to have been in the air before at all. None of the American commercial pilots known in China is in combat work. Meanwhile the Russians have said little but sawn a lot of wood.

At the same time, under an American colonel the Chinese air force is gradually being brought toward the efficiency it was formerly thought to have achieved, but hadn't. It seems unlikely that it will in any immediate future have either the planes or the organization to engage in such huge massed formation raids as have been seen in Spain, but raids on the main islands of Japan are not out of the question even today if the risk were regarded as worth taking, while China's planes are steadily giving a better account of themselves in such matters as defense against Japanese bomb attacks, and some counter-raiding.

"Fields are being improved and equipment will be bought more closely than in the days of the somewhat reckless past, it is indicated. All down the line there appears to be a tightening-up and a freshened morale. The mere name of T. V. Soong has had an excellent effect and Dr. Soong's cautious attitude should keep him from making any grave errors, while those in charge of technical matters will profit by a free hand within reasonable limits, plus quick decisions achieved in un-Chinese style when they must resort to high authority.

"There have been few recent purchases of planes other than Russian ones, it appears. The Americans have provided some training craft of small size, of a make previously supplied in large numbers with full satisfaction. The British have sent in some fast interceptor-type planes. An Italian purchase seems to have proved a major blunder; as one competitor put it, "they stood those wood-and-fabric contraptions out in the sun and the blamed things warped," which may not be a fair statement.

"In China as elsewhere there is plenty of debate on types, but it appears that speed may be regarded as less important than maneuverability for experience here has shown that a "dog-fight" always resolves into a chase in circles, with the more maneuverable (even though slower) plane able to take the inside, exasperate its opponent, finally force the latter to sheer off for a fresh try, and perhaps get in the decisive shots during a crucial two seconds. In its way, China is proving a good deal of a war-horror laboratory just as has been the case in Spain but high expense and remoteness from manufacturers perhaps fortunately makes for slower progress."

Japanese Aviation Active

Successful aerial activities in Kiangsi, Anhwei, Fukien, Shantung and Kwangtung Provinces by Japanese naval planes on Thursday were announced by the fleet authorities in a communique issued March 18, *Domei* reports.

In the air raid on Nanchang, capital of Kiangsi Province, 80 Japanese planes destroyed two hangars, and six medium-sized planes on the ground, which were enveloped in fire; one medium-sized plane was badly damaged and a plane assembling plant at the old airdrome was hit several times. At the new airdrome, the communique continued, all bombs scored direct hits on military establishments, which were blown up, but no new Chinese planes were found on the ground, except the wrecked craft which had been damaged by former raids. In this raid no aerial combat took place, the communique stated.

Raiding Anking, Anhwei Province, naval planes destroyed two munitions dumps at the airdrome, the communique claimed. Another naval air flight bombed railway tracks and bridges along the Canton-Hankow Railway, according to the communique.

Near Canton, the communique went on, 10 trucks were bombed by naval planes, several of the trucks being reduced to ashes. Swooping down upon the Lungki airdrome in Changchow, Fukien Province, a certain number of naval planes bombed two hangars and four military godowns, the communique continued. Also bombed were two plants, and one building attached to the airdrome by naval planes at Kukong, Shiu-chow, Kwangtung Province.

Overseas Contributions for Airplane Fund

Overseas Chinese in the United States have remitted $75,000 to Canton for transmission to the Central Government towards the purchase of an airplane for the National Air Force. Of this sum, $70,000 were raised by the Chinese National Salvation Association in America, and the remainder by other overseas Chinese organizations in the United States.

Japanese Pilots Lost

The *Osaka Mainichi* for March 5 reported the deaths of two Japanese air warrant officers, Masaki Kino and Chuzo Mukumoto, who have been missing since Jan. 24 following a raid over South China territory. Both were killed in combat with a Chinese plane. They were promoted one rank, to become effective the day they were killed. There was no explanation of the reason for witholding the report of their deaths for nearly two months.

Japanese Parliamentarians Want Stronger Aviation

Meanwhile, in Tokyo the two major parties of the Diet submitted a joint resolution March 17 urging the Government "to bend every effort for the development and replenishment of military and civil aviation." Immediate action in the matter is necessary because of the China incident and strained international relations, the resolution added.

Meanwhile, the Ministry of Communications announced that it would begin immediately to train 170 young civil fliers, to fill the country's growing need for civil and military pilots. Successful applicants will begin their studies at aviation school throughout the land in July.

Chinese Air Raid on Hangchow

A squadron of Chinese airplanes made a successful raid on Hangchow March 16, *Kuo Min* reported. Bombs were dropped on the aerodrome, destroying a number of Japanese airplanes on the ground. Five Japanese pursuit 'planes took to the air and attacked the Chinese raiders, but the latter returned safely to their base.

Several Chinese airplanes also bombed Japanese military positions at Fuyang, south-west of Hangchow, it is announced.

Japanese Planning Radio Corporation for Central China

The Shanghai office of the Chinese Government Radio Administration, now in the hands of the Japanese, has established communications with Tientsin, it was learned March 19. The local wireless station has been out of touch with the northern port since the Shanghai office was seized by the Japanese on Jan. 5.

The Government wireless facilities in Tientsin are located on British property and have been sealed for the past two months. It is understood that the Japanese brought wireless equipment from Japan to install in Tientsin. Although connection with Shanghai has been effected, the equipment is not working properly and is still being tested, it is said.

The local station is also in communication with Nanking, Tsingtao, Japan, Hongkong and Manila. It has not been in direct contact with San Francisco since early in the hostilities because of the Japanese bombing of the main receiving power station at Liuhong and the transmitting station at Chenju.

Since that time smaller receiving and transmitting sets have been used, and messages to the United States must be first sent to Manila.

The seizure of the Chinese Government Radio Administration facilities in Shanghai, which were operated by the Radio Corporation of America, and the recently announced plan of certain Japanese communication interests to form a new organization to replace it, affects all of the wireless agencies in Shanghai for they dispatch their messages through these facilities.

The Japanese will not divulge any particulars on their proposed company, but it is understood that the work of organizing it will be undertaken by the Japan Wireless Company. The new company will be formed some time next month, it is reported.

The possibility has been advanced that the new organization will be handed over to the Japanese Ministry of Communications upon completion. Another possibility is that it will fall to a "communications ministry" which might be formed in connection with the proposed new "Nanking government," it is said.

In any event, it is pointed out, the situation which prevails at present will not be changed very greatly. The Japanese are now in control of the Government facilities, and should they form a company, the effect will be merely to give a name to and make final the seizure of the property which they have been operating for some time.

Political and Industrial Progress in Szechuen

BY HIN WONG

Patriotic Chinese have been watching the affairs of Szechuen closely during the last two months owing to what appears to be a growing issue over the appointment of a successor, or a number of successors, to the late General Liu Hsiang, chairman of the province's government council and pacification commissioner for Szechuen and Sikang, who died in Hankow last January.

While difficulty has presented itself over the appointments, the situation is comparable to what has happened in Europe many times in connection with the formation of a new cabinet in which the demands of more than one political party had to be considered.

It appears that there has been an unnecessary but not unnatural fear on the part of some local civil and military leaders that the incoming regime may over-rule what they considered an enlightened policy and constructive program of the outgoing council. They would like to have assurance from the central authorities that in the reorganization of the Provincial Council, no undue change in the policy and personnel may be effected.

Much of the misconception recently entertained by the local leaders in Chengtu, capital of Szechuen, should have been removed by the appointment of General Teng Hsi-hou, one of the Szechuen army corps commanders, as military successor to General Liu; and the message early in March of the local civil and military leaders to General Chiang Kai-shek, reiterating their full faith an loyalty in his leadership and placing the man-power and economic resources of their province at his command. This should have been sufficient to offer relaxation to all those who have been watching for developments here.

As an echo to the tidings from Chengtu in which the acting Pacification commissioner has assured the people that nothing has happened or will happen to cause any misunderstanding between the various circles in the province, including the different departments and divisions of the military establishments, the General Chamber of Commerce and other leading organizations of Chungking wired to the provincial capital, suggesting the immediate dispatch of the remaining forces of Szechuen to the front to relieve Shensi, Shansi, and North China from further encroachment of the Japanese, particularly to Shensi, on the border of Szechuen.

Szechuen has a large fighting force, some five army corps, two of which are now on the front, besides a preservation corps of 100,000 strong for local defense and peace protection. General Chang Chun, chairman-designate of the Provincial Government Council, will command this *Pao-an-tui* when and if he assumes his new post, as he has been concurrently made commander of this local peace preservation organization.

Both General Chang and General Teng are sons of Szechuen, but the former has been active in the Central Government service, being for some time minister of foreign affairs at Nanking.

Until 1935, Szechuen was no better than some of the South American republics in which civil wars often followed a change of government; but since then, it has been fully amendable to law and order.

Since 1935, during which period General Chiang Kai-shek spent part of his time here to undertake the duty of bandit suppression to the north-west, Szechuen has been under civil rule, allowing no military commanders in the districts to create and collect taxes at will. Under the Provincial Government inaugurated at Chengtu, February 10, 1935, provincial and district budgets were introduced, calling for receiving, paying, and auditing, by different departments, officials of which thus being able to check one another to prevent irregularity and possible corruption. All local, illegal taxes were abolished and substituted by a provincial consolidated tax, open and uniform within the jurisdiction of the province. At the same time, modern book-keeping and unification of accounts and currency were also enforced, and today the Chinese national currency is legal tender everywhere in Szechuen. Civil service examination has since then also been followed here, and the Szechuen Government has gone one step further, providing a course in administration for the successful candidates so as to enable future magistrates and circuit supervisors to have some training and deeper knowledge before taking charge of local effairs.

These reforms were put into effect by General Liu Hsiang, chairman of the province, with the aid of Mr. Teng Han-hsiang, secretary-general of the Government, who was one-time director of the institute for the training of civil servants and the study of political science. Since the death of General Liu, Mr. Teng has been acting as chairman of the province.

While Szechuen has been put under civil rule, its military power has not been disregarded. Out of the provincial budget of $85,000,000 for 1937, as approved of by the National Government, $45,000,000 went to military expenses; $28,200,000, to loan service; and $14,000,000, to administrative maintenance.

In the last couple of years Szechuen has been trying to execute a well-planned constructive program and it is the intention of the associates of the late General Liu to continue to insist that the

WAS NAPOLEON RIGHT?

Fitzpatrick in the St. Louis Post-Dispatch

China? There lies a sleeping giant. Let him Sleep! For when he wakes, he will move the world—Napoleon

central authorities maintain the *status quo* in the Szechuen regime to the fullest possible extent. The Szechuen reconstruction program, however, is not unlike that of the China National Economic Council which gives most of its attention to the comfort, food, housing, and communication problems of the people.

Szechuen for a time has had an export of more than $20,000,000 worth of silk a year, and to regain the trade, a number of stations for sericulture has been organized since the spring of 1936. In due time, Szechuen silk may return to 44,000 piculs, instead of merely 4,000 as in recent years. To better promote the sales of this ancient Chinese industry, the Szechuen Silk Corporation has been in operation for some time.

To avoid the necessaity of importing more than $40,000,000 worth of cotton products into Szechuen annually, an effort is being made to improve its crops, and the use of Texas American seeds has brought an increase of a minimum of 70 percent each *mow*.

For the benefit of the farming population, agricultural science along the lines was followed, beginning early 1936; and in that year an increase of more than 14 percent in rice production was made.

During the regime of the late General Liu, 1935-1937, more than 11,000 Chinese *li* of public highways have been opened to traffic; while at the same time, three railways have been mapped out, including the Chengtu-Chungking, the Chengtu-Paochi, and the Chengtu-Kunming. The Chengtu-Chungking line is actually in process of construction. In the meantime, a geological survey is being made of the province.

Unfortunately, while attempt is being made to push forward a program of reconstruction, Szechuen has to face two major calamities, the famine of last year and the war of this year.

Late in 1936 and early 1937, 140 out of 150 districts suffered more or less from shortage of food due to an earlier drought, and 30,000,000 of the 70,000,000 inhabitants were affected, many unable to recover at all. Despite the misfortune, Szechuen is today contributing its share in the present war against Japan.

While some of her sons are fighting on the field, the others are behind the nation's "life-line" will continue their constructive work. The natural resources of Szechuen will be fully developed to meet the needs of the nation, and a beginning has been made to start some local factories. Up to the end of 1937, Szechuen has put into operation a steel foundry, an arsenal, a large machine shop, a chemical laboratory, a cement works, a cotton mill, and a lumber company.

In all works and developments in Szechuen, the central government authorities are lending every assistance, either contributing directly or supplementing its many efforts. The China Farmers Bank, the Central Farm Credit Bureau, and the Central Relief Commission, all have a share in helping the farmers to rehabilitate themselves. The central authorities, through their military department, are granting bonuses to the local highway commissions, while experts have been sent out by the Ministries of Economics and Communications with a view to make better use of the mining resources, the water-power and water system in Szechuen and bordering provinces. Since early 1938, the central authorities have taken over from the Szechuen Government the responsibility of finding an outlet for the exports of Szechuen, and this is expected to increase the trade of the province.

General Chiang Kai-shek, because of his several years of residence and service in Szechuen in connection with his effort in military reform and bandit suppression, is personally interested in the welfare and development of the province; and through General Chang Chun, his able associate whom he has recommended for the chairmanship of the Provincial Government at Chengtu, he will undoubtedly continue to give its undertakings all the blessings deserved.

Shanghai to Have Another "Formality" Municipal Election

As the Japanese agreed to nominate their regular "slate" of two candidates for the Municipal Council of the International Settlement, the election this year will again be in the nature of a formality. The candidates appointed by the Japanese Residents Corporation were O. Okamoto, attorney and T. Sugisaka, local manager of the O. S. K. British nominees are E. B. Macnaghten, W. J. Keswick, Roderick G. MacDonald, F. N. Matthews and G. E. Mitchell. The American nominees are Cornell S. Franklin, attorney and W. H. Plant, manager of the U. S. Steel Corporation in China.

Japanese Taking Over Tourist Business of East China

The Manchurian branch of the Japan Tourist Bureau, which is closely affiliated with the Government-controlled South Manchuria Railway, has announced its intention of opening branches in Nanking, Hangchow, Shihchiachwang, Tsinan and Kalgan.

The Japan Tourist Bureau also announced its intention of building new hotels, similar to the Yamato-type hotels in Manchuria, in various Chinese cities. The Bureau hoped to be able to borrow the money to finance the deal in the United States.

Relief Workers Try to Eliminate Laggards from Refugee Camps

Shanghai relief circles are discussing plans to eliminate workers and laggards, in other words, those who could find means to support themselves outside the refugee centers, from the refugee camps of the city by instituting a slight change in the diet in the camps.

It has been suggested that beans and wheat be substituted for the rice rations at present given the camps. Those with means to buy food or who might be able to find work would go outside of the camps to buy other foods more to their liking.

In accordance with the plan, hucksters, who now are doing quite a bit of business in refugee camps, would not be allowed to enter. And those refugees who go outside to buy food would not be allowed to re-enter.

The plan is not meant to work an injustice on such people that have just enough means to buy their food. It is planned to maintain special camps for them in which they will be provided with shelter only.

Thus the $200,000 left in the funds of the International Red Cross, which carries on the bulk of relief work, would go further in furnishing food to only those who cannot buy for themselves. The extra time that those absolutely without funds would be maintained may even carry them over until they too can find means to support themselves through finding work with the betterment of business conditions expected to take place in Shanghai.

For some time one of the several camps maintained by the Shanghai Christian Federation has been providing shelter only to refugees who are able to supply their own food. It is believed that a general application of the change in rations given to camps, together with the other provisions of the plan, would work toward a better condition in the camps and a quicker solution of the whole refugee problem.

It is estimated that 10,000 or 15,000 of the total of 116,000 refugees now receiving food in the 145 camps maintained would leave for the shelter camps. The diet change would also hasten the departure of laggards who might find work but who are willing to remain pauperized so long as they are given food to their liking.

Another problem faced by the Shanghai International Red Cross is that in at least 55 of the camps, the refugees have entered and are staying in private property without permission of the owners. By appointing one of their number as spokesman and manager, they later applied for rations and were recognized as a refugee camp. There are many other cases of houses occupied by squatters who have not since been recognized nor given rations.

Following complaints from the property owners, most of whom have signified their desire to enter court proceedings if necessary to gain eviction orders, the police have been making a study of such occupied houses.

Overwhelmed by the multitude of cases, the police have appealed to Mr. J. B. Baker, Director of the International Red Cross, for aid in moving out refugees in houses which have been recognized. For this problem there is no ready solution, he says, for there is no other available space should the squatters be turned out into the street, they would likely force their way into other houses and the problem would come up again, he says.

Japan May Denounce Nine-Power Treaty and Kellogg Pact

Denunciation of the Nine Power Treaty and the Kellogg Pact and withdrawal from the International Labor Office were foreshadowed March 18 by Foreign Minister Koki Hirota in the Lower House.

Replying to an interpellator who urged the Government to denounce the Nine-Power accord, Mr. Hirota declared: "In view of the current situation, such a move would be only natural. There still, however, remain some technical difficulties in the way of the procedure to be used."

The Kellogg Anti-War Pact, Mr. Hirota said, has been for a long time "little more than an empty shell, most of its provisions having never been carried out by the signatories. In due time," he added "Japan will institute action for her withdrawal from the Pact." Withdrawal from the International Labor Office will also be considered "in due time," Mr. Hirota declared.

Japanese Doctors Coming to Shanghai to Help Refugees

The first non-military Japanese medical mission, dispatched here expressly to care for refugees in Central China, will leave Japan for Shanghai at the end of this month, a spokesman of the Japanese Consulate-General announced March 15. The group, organized by the Dojin-kai, or Universal Benevolence Society, will comprise 11 doctors, six pharmacists and clerks and 15 nurses.

The mission, the spokesman indicated, will bring with it a vast amount of medical supplies and instruments, in addition to four automobiles, including an ambulance.

Another medical party, the official revealed, is now being organized by the society. Thus far, medical assistance has been given to the thousands of refugees in Central China by Army doctors exclusively.

The

CENTRAL BANK OF CHINA

A BANKERS' BANK

SHANGHAI OFFICE:

15 The Bund, Shanghai

Telephone 12570 Cables: "Governbank"

BRANCHES:

NANKING	*Chuhsien*	Swatow	NANCHANG	Lanchow
Hsuchow	AMOY	TIENTSIN	*Chi-en*	Kweiyang
Panpu	Foochow	Peiping	*Fuchow*	CHUNGKING
Sinpu	*Chuenchow*	*Shihkaichuan*	Kiukiang	Chengtu
Chinkiang	*Yenping*	Tsingtao	Chengchow	*Wanhsien*
Yangchow	*Kien-ou*	Tsinan	Kaifeng	*Santai*
Hsiakwan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
Ningpo	CANTON	Anking	*Nancheng*	Changsha

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA, AND HONGKONG

S.M.C. Responds to Japanese Demand for More Authority in Settlement

While refusing to admit that the municipal administration as at present constituted has shown inefficiency, the Shanghai Municipal Council, in its reply to the Japanese Consul-General's various demands presented on January 4, 1938, readily offers to co-operate with the responsible Japanese authorities on all matters relating to the welfare of the Japanese community in Shanghai.

Although the specific demands made on the Council by the Japanese on Jan. 4 have never been published here, it was generally believed at the time that the Japanese had aske dfor the following measures:

1. Increase the number of Japanese members of the Shanghai Municipal Police and raise their status and authority; and
2. Place Japanese in controlling positions in all important organs of the Municipal Council.

The complete text of the Council's reply follows:—

"The Shanghai Municipal Council on Friday, March 18, delivered to the Japanese Consul-General the Council's reply to the various requests presented on January 4, 1938, in regard to the municipal administration.

"The Council does not admit that the municipal administration as at present constituted has shown inefficiency. None the less, the Council recognizes and regards sympathetically the desire of the Japanese community for greater participation in the Council's administration. In order to meet this desire for greater participation in the administration the Council considers that the requests made in regard to the Police Force should be met as far as is possible without any impairment of efficiency. The Council, however, stresses that the principle of partnership applies to the whole Settlement and not merely to one part of it, and consequently urges upon the Japanese authorities that simultaneously with the changes which the Council is prepared to make in its organization to meet the requests of the Japanese community, the Japanese authorities should assist the return to normal conditions by taking all practicable steps to restore full Council control in the area North of the Soochow Creek at the earliest possible time.

Amalgamation Ijmpracticable

"The Council does not consider it practicable to amalgamate forthwith, as was suggested, the Foreign and Japansee Branches of the Police Force. Apart from the financial aspect of such a change, it would be impossible to make a combined gradation list based on rank, seniority and qualifications without chaotic results. Furthermore, a large number of the Japanese Branch have not the requisite knowledge of English to make it possible for them to do the work at present done by members of the Foreign Branch. A number, however, of selected men could, it is considered, do the work after a period of instruction, and in order to meet the requests made in a practicable manner it is proposed that the designation "Japanese Branch" be abolished and that the new Foreign Branch be divided into two sections, members of the present Foreign Branch becoming No. 1 Section and members of the present Japanese Branch becoming No. 2 Section. As members of No. 2 Section, after trial and experience, show their ability to take part in the general work of No. 1 Section they would be transferred to that Section, and the ultimate aim would be that the two sections would become one. In this way, in the words of the memorandum presented to the Council by the Japanese Consul-General, Japanese members of the Force would be given an equal opportunity for participating in the functions of all branches of the police administration, and would also have the authority to exercise control and supervision over Indian and Chinese members of the Force and also over foreigners according to rank.

Probalionary Sergeants

"The Council considers that there is no objection to the proposal made that the initial appointment of Japanese to the Police Force be appointments as Probationary Sergeants and not as Constables. The rank of Sergeant would be accorded, in conformity with the present practice in the present Foreign Branch, after three years' service subject to the passing of a qualifying examination of an agreed standard.

"The Council states that there are no objections to Japanese members of the Police Force being identified with the conduct of investigations in all cases involving Japanese interests, provided that they are subject to the general system of control centered in the Crime Branch.

"The Council further has no objections to the appointment of another Japanese officer as a Special Deputy Commissioner, provided that such officer has police experience in keeping with his rank and has a thorough knowledge of English. Such an officer would, of course, be in a position to place his views on general policy before the Commissioner of Police from time to time.

Another Japanese Commissioner

"The Council considers that the proposal made that the Japanese Deputy Commissioner be given charge of that part of the International Settlement which lies North of the Soochow Creek requires careful consideration. Under the present system, "C" and "D" Police Divisions are controlled by Divisional Officers directly responsible to the Deputy Commissioner (Divisions), and the appointment of the Japanese Deputy Commissioner over these Divisional officers would disrupt the control work of the Deputy Commissioner (Divisions). The Council considers that the real aim could better be met by the nomination and appointment of a further Japanese officer, with police experience in keeping with his rank and with a knowledge of English, to be placed as Associate Divisional Officer in "C" Division to work with the Divisional Officer with the special object of attending to Japanese interests and of studying and assimilating police methods in the Settlement with the view of ultimately assuming a definite responsibility in the general administration. At a later date it might be found possible to appoint a second officer with the same object in view.

"It is pointed out that the present authorized strength of the Japanese Branch is 316, though owing to recent financial conditions the actual strength is only 266. The Foreign Branch is similarly considerably under authorized strength. In this year's budget provision has been made to increase the strength of the Japanese Branch to 300.

Importance of Gradual Changes

"The Council's reply stresses in general in regard to the Police Force the importance of only gradual changes. It is pointed out that the various requests made to increase the strength of the Japanese Branch have been met as far as has been found from time to time practicable without lowering the efficiency of the Force by changse likely to weaken its framework. In 1925 the strength of the Japanese Branch was 3 Sub-Inspectors, 17 Sergeants and 37 Constables, while in 1937 it was 1 Deputy Commissioner, 1 sistant Commissioner, 7 Inspectors, 12 Sub-Inspectors, 61 Sergeants and 242 Constables.

"It is pointed out how the Police Force, which came into being as early as 1853 with a small number of British personnel, has had introduced into it Chinese Constables, Sikh policemen and a Japanese Branch. Throughout the growth and development of the Police Force English has been the official language, and it has only been possible to appoint to the senior controlling posts officers with a thorough knowledge of English. The Force, composed as it is of various nationalities, is only manageable now on account of the special character that has been given to it, and any sudden change in the form of control is considered likely to render it unmanageable.

"The hope is expressed that, remembering all the difficulties, it will be appreciated that the Council is offering to go a considerable way at the present time to meet legitimate aspirations for greater Japanese partnership in the administration of the Police Force.

Question on Secretariat

"In regard to the Secretariat it is pointed out that not more than one person can function at the head of this department, which is an essential part of the municipal administrative machinery.

"It is considered that there is no justification for the appointment of a further high official to the Secretariat at the present time. The present Japanese Deputy Secretary has direct access to both the Chairman and the Secretary-General and can communicate directly with heads of departments in all matters affecting Japanese interests. It is, however, readily agreed that the Japanese Deputy Secretary should attend all important conferences at which matters affecting the Japanese community in any way are discussed or decided, and it is further pointed out that he is, of course, also entitled to be kept informed in regard to all aspects of the municipal administration, whether particularly affecting the Japanese community or not. It is considered that any change in rank would be an embarrassment as giving an impression of dual control in an important Council department.

"In conclusion, it is again emphasized that the proposals contained in the Council's reply are made with a genuine and sympathetic desire to meet legitimate Japanese aspirations."

Claimed Japanese Soldiers Raped 12-Year Old Chinese Girl

The Japanese military authorities are said to be investigating a charge that two Japanese soldiers, on Friday evening, March 18, raped a 12-year old Chinese girl who resided with her aunt at House No. 16, Zung Teh Fang alleyway, off Ward Road. The complaint, reported to the Ward Road Police Station, charged that four Japanese soldiers, one carrying a sword, entered the house, and that two of the soldiers raped the girl. Upon an alarm being raised the soldiers fled. The girl was taken to a hospital where she was treated and sent home. As it was the second time Japanese soldiers had broken into the house the family moved to another location.

The First District Court, on Friday morning, March 18, sentenced a 31 year-old woman named Soong Nien-sz to five years imprisonment on a charge of luring girls into a brothel located in the Nantao district which is now under Japanese military control. It was charged that the woman offered the girls employment at high pay in a cotton mill, but instead they were taken to a brothel where they were detained. One girl, Wong Kwei-fong, formerly a tea-girl, 21-years, employed at the Sun Company, testified she had left her employment to accept the cotton mill job but was taken to the brothel where she was seduced. On several occasions when she attempted to escape she was severely beaten. She finally succeeded in escaping into the Settlement and informed the police. Following the sentencing of the woman and an accomplice named Soong Kung-yien who received 10 years and another named Li Wo-zang, who received 5 years, the girl inmates of the brothel were released.

BANK OF CHINA

(*The Specially Chartered International Exchange Bank of China*)

With Branches and Subbranches throughout
China, and Agencies and Correspondents
all over the world, this Bank offers
all kinds of banking facilities to
meet your personal and busi-
ness requirements.

624 Avenue Joffre, Shanghai, China

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

Feb. 23.—First Chinese air raid on any part of the Japanese Empire—Chinese planes bombed Taihoku, capital of Formosa, and Shinchiaku, Western Formosa; Ten bombs dropped in each city, causing destruction of several planes on ground at Taihoku airdrome and causing a number of casualties.

Feb. 23.—After nearly a month of inactivity, Japanese forces in Tsining sector, southwestern Shantung, renewed their drive towards Lunghai Railway. Chinese and Japanese forces in this area are now facing each other across the Grand Canal, with the Chinese on the western bank and the Japanese on the eastern bank.

Feb. 23.—Chinese air planes heavily bomb Japanese positions and concentrations in southern Shansi, aiding their land units in checking Japanese advance.

Feb. 23.—Hankow report stated Chinese military leaders recently decided to abandon defensive strategy for new offensive tactics, change to be effected in April. Chinese claim recapture of Kwangteh, in southern Anhwei midway between Nanking and Hangchow.

Feb. 23.—General Iwane Matsui, retired Commander-in-Chief of Japanese forces in Shanghai-Nanking Area, returned to Japan, arriving at Shimonoseki; General Matsui's transfer to Tokyo and appointment of General Shunroku Hata as his successor officially announced by Japanese military Headquarters in Shanghai. Also recalled to Tokyo, according to the announcement, were Lieut.-General Prince Yasuhiro Asaka, Commander of the Expeditionary Forces, and Lieut.-General Heisuke Yanagawa, Commander of the Hangchow Bay Landing Force.

Feb. 23.—T. V. Soong, former Finance Minister and now President of the Bank of China, arrived at Hankow from Hongkong; considerable significane attached to his visit. Rumored he might be appointed Finance Minister or head of Chinese Aeronautical Affairs Commission.

Feb. 24.—Sir Archibald Clark Kerr, new British Ambassador to China, arrived at Shanghai from Hongkong; denied he had brought with him any peace plan. Declared that British policy in Far East would remain unchanged despite recent resignation of Foreign Srecretary Anthony Eden.

Feb. 24.—Four Japanese planes shot down in northern Kwangtung following severe fights between Japanese raiders and Chinese pursuit craft.
According to Hankow report, 21 Chinese bombers took part in the raid over Formosa yesterday (February 23), where, it was claimed, at least 40 Japanese planes standing on Taihoku airdrome, were destroyed.

Feb. 24.—Ten persons, including a foreigner, were wounded while one bomb tosser was shot dead, when the **Hwa Mei Wan Pao**, American registered Chinese newspaper, was bombed for third time within a month.
Another grenade was thrown into a Chinese house on Kiaochow Road; no one injured.

Feb. 24.—Japanese bluejackets alleged looting British property in Hongkew, according to report filed with British Consulate-General by Heath Ltd., British registered company whose godown located north of Soochow Creek.

Feb. 24.—Japanese drive towards Linfeng, provisional capital of Shansi, said checked by Chinese defence. Japanese captured Paoyi, Hsinyang and Menghsien in Northern Honan. From Menghsien which is located directly on northern bank of Yellow River, Japanese artillery violently shelling Chinese positions on southern bank of the River, particularly the city of Mengchin.

Feb. 24.—Chiang Ting-fu, Chinese Ambassador to Moscow, who arrived at Hankow yesterday (February 23), reported to General Chiang Kai-shek on situation in Soviet Russia.

Feb. 25.—Chinese Government formally protested to Berlin against Germany's decision to recognize "Manchukuo."

Feb. 25.—Fifty-nine Japanese planes raided Nanchang, Kiangsi capital, in reprisal for Chinese air raid on Formosa. Chinese planes brough down eight raiders, Japanese claimed "more than 30" Chinese aircraft shot down.

Feb. 25.—**Domei** reported that Japanese troops in Shansi were marching along three routes towards Shensi. One column already within 50 kilometers of Yellow River, which forms boundary between the two provinces.
Severe fighting reported also raging in Tsining and Wuhu sectors.

Feb. 25.—Japan's extraordinary war budget, providing for ¥4,800,000,000 approved by Cabinet and sanctioned by Emperor; new appropriation expected to cover whole of military and naval operations in China for financial year beginning April 1.

Feb. 25.—Peiping "Provisional" Government to revise Anti-Drug Law promulgated by National Government at Nanking, abolishing capital punishment for drug dealers and addicts.
Tung Kang, Chinese jurist, appointed Chairman of Judical Commission and concurrently President of Supreme Court of Peking "Provisional Government."

Feb. 26.—Desperate battle raging between Chinese and Japanese forces for control of Lingshih, key city to a strategic pass into southern Shansi and center of a Chinese front 20 miles wide and 6 to 12 miles deep. Japanese launching determined attacks on the city, as Chinese control of it threatens their right flank in their advance down Peiping-Hankow Railway.

Feb. 26.—Japanese massing large force at two vital points on north bank of Yellok River, Menghsien and Fengchiu, and shelling Chinese positions on opposite bank in preparation for attempt to cross the river there.
Severe fighting also raging on both sectors of Tientsin-Pukow Railway.
Chinese troops operating west of Tientsin-Pukow Railway rapidly pushing southward toward Nanking, having already reached northern bank of Yangtsze River, according to Chinese reports.

Feb. 26.—Two Japanese warships claimed sunk in the Yangtse 12 miles west of Wuhu by Chinese planes, according to official announcement by Chinese Aviation Headquarters in Hankow.
Japanese air squadrons intensify aerial campaign in Kwangtung, many cities bombed.

Feb. 26.—Hankow Government spokesman revealed that altogether 30 Chinese planes—all bombers—participated in the raid on Formosa, February 23. All pilots were Chinese, but machines used of Soviet manufacture.

Feb. 26.—Catholic Mission property losses in areas around Shanghai placed at $2,500,000, according to report in **The China Press.**

Feb. 26.—Kung Teh-chen, 74th direct lineal descendant of Confucius, arrived at Chungkiang from Hankow. Will proceed to Europe.

Feb. 26.—Hankow authorities denied Tokyo report that Chinese Government would remove its offices there to Hengyang, Hunan.

Feb. 27.—Bitter fighting continues between large Chinese and Japanese forces in vicinity of Lingshih, strategically important city in southern Shansi, claimed most serious of North China campaign. Japanese claimed Lingshih already captured, but Chinese continue to hold out south of the city. Lishih, 30 miles from Shensi border, also reported captured by Japanese.

Feb. 27.—Heavy fighting also at Tsiyuan, Honan, 28 miles north of Loyang, as Chinese troops checking Japanese westward advance. (Tsiyang is midway between Yellow River and Honan-Shansi border).
Rumor of fall of Kaifeng, Honan capital, denied in Hankow.

Feb. 27.—Changchow, Fukien, twice raided by 15 Japanese bombers; Post office, many other buildings destroyed, number of casualties unknown. According to reports received in Hankow, many cities in Fukien, Kwangtung, Chekiang and Honan raided by Japanese planes (Feb. 26).

Feb. 27.—Formosan wireless station at Taihoku badly damaged in Chinese air raid (Feb. 23) according to Hongkong report.

Feb. 27.—Dr. Edward Birt, well-known German surgeon and director of Paulun Hospital, Shanghai, seriously injured in right eye as result of attack by drunken Japanese soldier in Hungjao district. Dr. Birt and Hans Tiefenbacher, prominent Shanghai German businessman, were horseback riding when attacked by soldiers who carried a rifle bayonet in his hand—Tiefenbacher was also attacked but not injured. According to report in **North China Daily News**, the two Germans were mistaken by the Japanese soldier as Britons as soldier called them "English pigs."

Who's Who in China

Tsou Shang-yu, Consular official; born in 1897; graduated from the Commercial Institute of Russia, 1918; served as inspector of the Head Office of the Bank of China, Peking, 1920; Chief of the Commercial Department of the Office of the Commissioner of Foreign Affairs for the Three Eastern Provinces; expert member of the Commercial Treaties Commission during the Sino-Mukden-Russian Conference; Consul-General at Blagovestchensk, U.S.S.R.; secretary of the Committee of Political Affairs of North-eastern provinces; member of the Board of Directors of Chinese Eastern Railway; Secretary-General of Tientsin City Government; Counsellor of Peiping Branch of the Military Affairs Commission and member of the Society for Study of Foreign Affairs, Peiping; Consul-General at Novosibirsk U.S.S.R. since 1936; author of "Hulun-Buir" 1929; address: Chinese Consulate-General, Novosibirsk, U.S.S.R.

鄒尚友
Tsou Shang-yu

梁紹文字韶敏
Liang Shiao-wen
(Liang Shao-wen)

Liang Shiao-wen, Consular official; born at Shunteh, Kwangtung, 1899; studied in Wuchang; graduate of Peking National University; Research Schalor, University of Washington, U.S.A., for two years; secretary of Generalissimo's Headquarters, Hankow; secretary to the Garrison Commander of Shanghai and Woosung; Chief of Political Bureau, Shanghai Arsenal; Acting Consul to Palembang, Sumatra; Vice-Consul at Seattle, Washington, U.S.A.; author of "Travel Around the Southern Sea Islands" in Chinese; address: Chinese Consulate, Seattle, Washington, U.S.A.

Institutions for Wounded Soldiers Planned in Tokyo

Institutions for the rehabilitation and training of wounded soldiers will be established in various cities of Japan at a cost of Yen 436,300,000 in line with the Government's large-scale relief program for the men who served the nation at the front, it was disclosed in Tokyo March 20. A bill seeking the necessary appropriation was introduced in the Diet as a supplementary budget. The sum of Yen 103,452,000 already has been appropriated for the 1938-39 fiscal year to finance a relief program for wounded soldiers and the families of soldiers at the China fronts.

Establishment of the several institutions will be under the supervision of a Wounded Soldiers' Protection Board, which is to be set up. It will be attached to the Ministry of Public Welfare.

A psychopathic institution will be established in Tokyo, sanatoriums with hot spring facilities will be opened in 10 suitable places, and tuberculosis sanatoriums will be operated in 25 different localities. In Osaka a rehabilitation home will be opened and in 30 other places throughout the country similar homes on a smaller scale will be established. Each of them will be granted an annual subsidy of Yen 50,000.

If wounded soldiers are cared for in private homes funds to defray the costs of their treatment will be allotted by the board. The Government will grant Yen 700,000 to the Dai Nippon Wounded Soldiers' Association as an encouragement fund. To aid the families of soldiers killed in action the Government will establish "central military relief consultation bureaus" in all provincial and local government offices in 11,522 cities, towns and villages. An appropriation of Yen 1,000,000 has been made to finance the consultation offices.

The Healthy Infant

The healthy infant needs no medicine, and fortunate indeed are the parents of such a child. Yet, in spite of loving care and attention, almost every child at some time or other is affected by one of the many minor health troubles of childhood. He may be constipated, or his digestion be upset through over-feeding, resulting in 'wind', colic, and perhaps diarrhoea in a mild form, he may be feverish, show signs of a cold, or if unduly irritable worms may be his trouble.

A simple home remedy wherewith to correct these health irregularities and quickly to restore happy, normal well-being is Baby's Own Tablets. The prescription of a British medical childspecialist, the tablets are pleasant to take and therefore easy to give, and are absolutely free from any injurious substance.

Parents who keep Baby's Own Tablets in the home have constantly at hand a reliable corrective for their little children's health troubles. Sold by chemists everywhere.

BABY'S OWN TABLETS.
Keep Children Well.

China Electric Company
LIMITED

Manufacturers and Importers of Manual and Automatic Telephones and Radio Equipments.

SHANGHAI NANKING
CANTON TIENTSIN

Shanghai Office: 269, Lay Road
Tel. 50100

Men and Events

W. H. Plant, manager of the U. S. Steel Corporation returned to Shanghai from Hongkong on the Empress of Russia last Sunday.

The headquarters of the U. S. Fourth Marine Regiment at Shanghai has been moved from 527 Haiphong Road to 1607-09 Sinza Road, which previously was the headquarters of the Sixth Regiment.

Yin Sheng-yuan, 10-year old primary school student, wounded during a bombing of the school on Route Voyron, French Concession, on March 4, died at the Ta Hwa Hospital on Thursday of last week.

The British engineering and armament firm, Vickers, made a net profit of £5,303,601 in 1927, according to a report by the German *Trans-Ocean* news agency on March 29. A dividend of 20 percent was paid on Vickers stock and 20 percent on the stock of the subsidiary, English Steel Corporation, Ltd.

Hsu Chao-ching, appointed as Minister to Rome, following the Italian recognition of the puppet state, departed for his new post on March 18, traveling on the Terukuni Maru. Minister Hsu's staff includes several Japanese.

The Tokyo newspaper *Yomiuri* announced on March 10 that two official Japanese tobacco monopoly companies, the Toa Company and the Manchurian Tobacco Company, would shortly be given exclusive privileges in North China.

Various public organizations in Burma have launched a boycott of Japanese goods according to a dispatch from London on Feb. 11, stating that the Burmese organizations had demanded that various countries cease supplying Japan with arms and munitions.

Dr. George Sellett, former U. S. District Attorney, at Shanghai, who has been in New York for several months, returned to Shanghai last Sunday on the Empress of Russia from Hongkong, having traveled from San Francisco to Hongkong by Pan-American Clipper Plane.

The Japanese *Domei* service reported on March 17 that a Chinese cook named Cheng Hsing-wang, who was born in Japan and had spent his life working in Chinese restaurants in Yokohama, had been deported to Shanghai. He was charged with disseminating anti-Japanese propaganda.

Mark L. Moody, automobile dealer, and Major and Mrs. Howard N. Stent, have returned from a hunting expedition to French Indo-China where they killed some 60 animals, including a sladang, an animal which resembles a water-buffalo.

A bus operated in the long distance service between Chungking and Kweiyang, capital of Kweichow province, was held up and the passengers robbed on March 15. The bandits ten men armed with pistols, robbed the passengers of their jewelry, clothes and $140 in cash. The bus and passengers were then permitted to proceed.

Dr. Edward Birt, German physician who was assaulted and badly injured by an intoxicated Japanese soldier on Feb. 27 is making favorable progress and hopes to be able to leave the hospital shortly. It is not yet known whether Dr. Birt will lose the sight of his eye which was severely cut by the bayonet wielded by the soldier.

Dr. W. W. Yen, former Ambassador to Russia, spoke before the members of the American University Club at luncheon at the American Club on Tuesday of this week, on the subject "An Inside Story of the League of Nations.

Madame Wang Ching-wei, whose husband is chairman of the Central Political Committee, arrived in Canton on March 16 and make an inspection of conditions in Kwangtung province as affected by the war situation. According to *Kuomin* Mrs. Wang will inspect and make a report on open cities of Kwangtung which have been airbombed by Japanese planes, or coastal cities which have been bombarded by Japanese naval vessels.

A. Ionin, Russian owner of a new cafe on Avenue Joffre known as L'Art, was arrested Saturday of last week and is now held at Central Police station for examination. Ionin was arrested six years ago on a charge of defrauding the British Chartered Bank out of $154,000 and sentenced to six years in iail but had his sentence reduced to three years on appeal. He was released about a year ago.

Miss Margaret Woolverton of Los Angeles, who is a graduate civil engineer, has written a letter to the National Government, offering her services to the Chinese authorities. She stated she would donate her services as a civil engineer for railway construction or other work. Miss Woolverton, who is Canadian-born and a graduate of Stanford University, was an exchange student at Lingnan University, Canton, two years ago.

Y. T. Wu, editor of the *Association Press*, organ of the Y. M. C. A. returned to Shanghai after 15 months in the United States, much of which time Mr. Wu devoted to visiting and lecturing among students in some 40 different colleges and universities. He also participated in three student conferences and seven international institutes. Lyman Hoover, who was connected with the Y. M. C. A. in Peiping, has also returned from vacation in the United States and will be connected with the organization in Shanghai in future.

Brig. Gen. Frederick A. Barker, Fourth U. S. Marine Corps, now in Washington, is ill at the naval hospital, according to a report received in Shanghai this week.

More than 300 guests, including foreign consular officials, attended a farewell reception to Suemasa Okamoto, retiring Japanese Consul-General at Shanghai, on the afternoon of Thursday, March 17. Present also was Shinrokuro Hidaka, newly appointed Consul-General here. Mr. Hidaka was formerly Counsellor of the Japanese Embassy in Nanking and also in Shanghai.

The Japanese Ministry of Education has sent three professors, Teiji Tanaka, Iwao Kuromasa and Nagatatsu Yabe, to China to make a study of agricultural conditions. The data collected by the three professors will be used by the Cabinet in the formulation of "Japan's national policy of continental development."

Dr. Robert F. Fitch, former president of Hangchow Christian College, who returned last week from a trip to Hangchow, reported that the city now has a population between 70,000 and 100,000. Prior to the Japanese occupation the population was 650,000. Dr. Fitch said that there are 6,700 Chinese in the refugee camps maintained by the International Red Cross and the Red Swastika Society, the last mentioned being a Chinese organization.

An American nurse, a Miss Burch, was the only member of the United Christian Missionary Society, to remain in the city of Hofei, Anhwei province, according to a report in *The China Press* stating the other members had arrived in Hankow. Among those now in Hankow are Dr. and Mrs. Douglas M. Corpron, Rev. and Mrs. J. Oswald Goulter, Miss Lyrel Teagarden, Miss Wenona Wilkinson and Miss Grace Young.

Early Brown, British engineer, formerly connected with Holt's Pootung Wharf, who died last year, left instructions for his ashes to be dropped in the English channel. Capt. Hatfield of the Blue Funnel liner Aneas, a friend of the deceased, will perform the service in May when his ship reaches the Channel. The casket, wrapped in the Union Jack will be dropped overboard.

H. C. Yen, Chinese stenographer connected with the American Consulate at Foochow, was awarded a first prize, a fountain pen, for writing the "most beautiful specimen of shorthand notes," in a competition held by a magazine for secretaries published in the United States. Mr. Yen has won several prizes for proficiency in stenographic and typewriting work.

Twentieth Century-Fox is turning out, according to *Time* (Feb. 14) a short-order plot entitled, "International Settlement," which, to quote from the reviewer, "Makes a bee-line to the Far East to cash in on the publicity value of the daily Sino-Japanese headlines." The picture will use the news-reel shots of the Shanghai-bombing with a cast including June Lang (Janex Vlasek) as a beautiful-but-dumb comedian; a hero, George Sanders, Russian-born of British parents, who played in Lloyd's of London."

A German *Trans-Ocean* news service message from Moscow on March 19 claimed that the Soviet Ambassador to the United States, Mr. Troyanovsky, had been recalled to Moscow for the purpose of making a "report." The message stated "it was presumed he would be indicted for sabotage. A French *Havas* message from Moscow on March 15 stated that Dimitri Bogomolov, former Ambassador in China "who is now in prison" would be arraigned on charges of being a "rightist and Trotskyist." The *Havas* report listed several other well known diplomats and officials who also will be tried on similar charges.

Lieut. T. P. Peacocke, attached to an artillery unit at Singapore, disappeared while skiing in Nagano prefecture in Japan in January. He had planned to depart from Yokohama for Singapore on Feb. 23 but did not go aboard his ship or call for his baggage at the Toho Hotel in Tokyo. He had registered at the Kanaya hotel in Nikko but had not been seen since and had not arrived in Singapore on March 22.

Gen. George Bigelow Pillsbury, U. S. Army, retired, accompanied by Mrs. Pillsbury and daughter Elizabeth, were in Shanghai this week as passengers on the Empress of Japan. While in Shanghai they were guests of Dr. and Mrs. Sao-ke Alfred Sze, with whom Gen. and Mrs. Pillsbury have been acquainted for many years. Gen. Pillsbury, prior to his recent retirement, was assistant to the Chief of Engineers, U. S. Army. Previously he had extensive service in Alaska, member of the joint board of engineers, St. Lawrence Waterway and other positions and was awarded the U. S., D. S. M.

Sir Victor Sassoon, owner of Shanghai hotels and real estate, accompanied by Capt. R. B. Freeman-Thomas, departed this week for Hongkong where they will be joined by Lt. Com. J. Reid on a trip across the Pacific, traveling on the Pan-American Clipper plane. From Los Angeles the party will fly down the west coast of South America, thence accross the Andes and up the east coast returning to New York. They will then cross the Atlantic by steamer, but plan to fly back to China by Suez. According to their schedule they will travel some 29,000 miles by air while on the trip.

Did an American Secret Agent Obtain Japan's Confidential War Plans?

The British news-magazine, *The Week*, was responsible for the report that an American secret agent had "stolen" Japan's confidential plans for warship construction and that this was responsible for the sudden inquiry which the American and British governments made of Japan as to her future plans with respect to the construction of warships.

Capt. Royal Ingersoll

According to *The Daily News*, New York, (Feb. 10) the U. S. Navy Department sent Capt. Royal Ingersoll to London to inform the British Admiralty that the information in the possession of the Washington authorities about Japan's plans, was correct. As the United States and Great Britain still regard themselves as bound by the naval treaty and continue to exchange information, it was stated that the British were particularly interested in Japan's plans to build a large number of new "pocket" cruisers. The British were said to regard the Japanese program as a menace to British trade in the South Pacific.

Two Japanese naval officers, Com. Shoe Ito and Lt. Com. Yufi Nishimura, attached to the mechanical engineering corps, were arrested while photographing the Harvard Bridge across the Charles River at Boston, on March 21.

John Gunther, author of the famous book, "Inside Europe," is now in Hankow and is expected in Shanghai shortly. He is accompanied by Mrs. Gunther and according to report, Mr. Gunther plans to write a "Primer on China," based on information obtained on his present trip.

Since both the Japanese and Chinese military planes have bombed the town of Tenghsien, Shantung, considerable anxiety is felt for between fifteen and twenty American missionaries stationed in the city. The Presbyterian middle school maintained by the mission was damaged by a Japanese bomb, prior to the Japanese occupation of the city. Miss Vincoe Mushrush, a registered nurse, connected with the United Christian Mission hospital at Nantung, Kiangsu, is safe, according to a report brought here by Japanese Army officers who occupied the town last week.

Chinese Opium Smuggler Also Charged with Smoking

Chou Chung-lu, alias Chou Kuo-shih, who was arrested for alleged connection with the smuggling of $190,000 worth of opium into Shanghai, was charged with the additional crime of "smoking," by the Second Special District Court on Saturday, March 19. He was released on $300 bail. He admitted that he had smoked the drug for 20 years but denied complicity in the large-scale smuggling case. Chang Teh, second suspect, also denied complicity but admitted he was in possession of 48 ounces of the drug. The opium, one of the largest amounts smuggled here in recent years, was found concealed in cases of native oranges aboard the coastal steamer Suiyang, anchored at the French Bund.

The *Hwa Mei Wan Pao* alleged that large Chinese-operated gambling houses and opium smoking dens had been opened in the vicinity of Siccawei and also in the Western district of the Settlement.

Japanese Deport Addicts

The Japanese *Domei* service announced on March 16 that a Korean girl, Miss Eiko Kin, 23-years old, had been deported from Shanghai to Korea in order that she might be given treatment for the heroin habit. It was stated that she came to China in 1932 and had a love affair with a French sailor at Hankow, but upon returning to Shanghai she became addicted to the drug habit. A week previously the Japanese deported a Japanese subject named Shinoda Ishizaka, formerly connected with the Municipal Police Department, who also was a user of heroin.

Announcement also was made on March 20 that three Korean heroin smugglers who operated in the Shanghai French Concession, had been arrested. They were Shoi Jei, 25-years old; Bomatsu Ken, 25; and Kisei Ri, also 25 years of age.

PAINTS AND PAINT WORK

H. B. CAMPBELL

1481 Bubbling Well Road

Phone : 34360

CUSTOMS NOTIFICATION No. 1628.

Notice is hereby given that, Tuesday, the 29th March 1938, being a Customs Holiday, the Custom House will be closed and the shipment and delivery of cargo suspended on that date.

L. H. LAWFORD,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 18th March 1938.

TO OUR SUBSCRIBERS IN AREAS OF MILITARY ACTIVITY

Hundreds of subscribers, who were forced to leave their homes because of the war situation, have been unable to return and in many instances, have been compelled to establish temporary or permanent residences elsewhere.

As a result they have been unable to receive copies of **The Review** mailed to their normal addresses.

In all cases these back copies have been retained in the office pending receipt of instructions as to new addresses.

Subscribers would thus confer a favor if they would notify this office of their present addresses, with instructions as to methods of routing the paper so as to assure delivery, particularly in Central, West and Northwest China. Mail deliveries between Shanghai and such points as Hankow now require a minimum of 8 to 10 days.

New Books of Interest in the Far East

An American Reporter With the Chinese "Reds"

Red Star Over China. By Edgar Snow. Victor Gollancz, Ltd. London, 1937.

Edgar Snow's account of the Chinese Bolsheviks, in the territory held by the Red Armies in the Northwest, is far the most valuable work on the subject yet to appear. It is based upon Mr. Snow's visit to "Red territory" in 1936, and includes not only first-hand notes and impressions, but also accounts of Chinese Soviet history by Mao Tse-tung and other Bolshevik leaders. Further, it carries on the story through the Sian coup and down to the outbreak of hostilities at Lukouchiao last July. It is not only a valuable bit of reporting, but it is the *only* first-hand account which has so far been published by an observant foreign visitor to Soviet China. There have, indeed, been some interesting first-hand accounts by missionaries who have been in the hands of the "Reds" at times, but none of these are at all comparable to Mr. Snow's comprehensive work.

The book is divided into twelve parts, each consisting of several chapters. It begins as Snow's own narrative, "In Search of Red China," which gives a certain amount of background and includes an amazing panegyric of the unspeakable Chang Hsueh-liang, while the Chinese G.P.U. chief who accompanied Snow out of Sian is described as a delightful, playful fellow—very different from what he must have appeared to many who met him under other circumstances. The book soon gets beyond these things, however, and into some really useful material. Part Two, "The Road to the Red Capital," tells of Snow's journey through Shensi to Paoan—then the Chinese Soviet capital,—of Chou En-lai, of the famous Ho Lung ("Red Robin Hood," he has been called), and of other "Red Companions." In Paoan Snow met Mao Tse-tung, Chairman of the "Chinese People's Soviet Republic."

Many chapters are devoted to a presentation of "Communist policies," as presented by Mao. It is made clear that the policy upon which the Bolshevik leaders were centering all attention at the time, and to which they subordinated everything else, was one of war against Japan. By ingenious dialectics, their abandonment of all immediate social and political aims and concentration upon a purely nationalist and patriotic program had become a "national revolutionary" more. "Rural bankruptcy," in some manner not made clear, was being accelerated by Chiang's failure to send his armies against the Japanese. Further, the Japanese were "preventing" the industrial development of Manchuria! Practically, Mao's attitude was that of a patriotic Chinese to whom social and political questions were of secondary importance. He spoke not primarily of any "class," but of the Chinese "people," and declared: "The fundamental issue before the Chinese people today is the struggle against Japanese imperialism."

Chinese Soviet History

Part Four, "Genesis of a Communist," deals with Mao Tse-tung's own life. It is a most valuable study, especially as it carries with it Mao's own story of the development of the Chinese Soviets. This covers many chapters, and constitutes a small book in itself. It is interesting to note Mao's comments on the vacillations of Borodin, Moscow's chief agent in Kuomintang China in 1927, to whom Mao refers as a "blunderer." Borodin's vacillations and blunders were particularly costly at a time when, as in 1927, "the Comintern was not giving 'advice,' but flat orders, to the Chinese Communist Party, which was apparently not even empowered to reject them." Borodin in 1927, says Mao, "was ready to do everything to please the bourgeoisie, even to the disarming of the workers, which he finally ordered." Mao believed that if the Communist Party had been more aggressive, and created Communist armies before the split with the Kuomintang, "the Soviets could have got an immense start in the South, and a base in which, afterwards, they would never have been destroyed."

It is a matter of history that Borodin failed in the attempt to curry favor with the reaction. Kuomintang China, instead of becoming—like Fascist Turkey—a close ally of Soviet Russia while exterminating the native Communists, deported the Moscow agents, and finally severed relations with the Soviet Union altogether. The Communist labor organizations had been disarmed, however, and the organization of Soviets was opposed by the Moscow-dominated Communist International. Something had been started, however, which was not so easily disposed of. Such Chinese leaders as Mao, Ho Lung, Yeh T'ing, Chu Teh and others started the formation of "Red Armies," sometimes joining hands with bandits who either accepted Communist discipline or were subsequently disposed of. Their program was not one of socialization. It was one simply of agrarian revolution. The main tasks, as Mao and his group saw them, "were two: to divide the land, and to establish Soviets."

As the agrarian Reds gained ground in "the long open struggle for power" in China, they obtained recognition and approval at Moscow, and occasionally a little material support—though nothing comparable to what had gone to the Kuomintang in the 1925/7 period. There were still, indeed, some Chinese Communists who believed in social revolution, and wanted the support of the Red Armies for working-class uprisings in Wuhan and other cities. Li Li-san, dominating the Chinese Communist Party in the cities, was the outstanding leader of this element. In 1930, when Chiang was engaged in warfare against Feng and Yen in the North, Li called for a joint worker-peasant offensive to secure Communist control of the cities of Central China. The agrarian leaders, however (nearly all were from landed farmer or landlord families) had no such faith in the city proletariat, declared "it was no time for possibly disastrous putschism and adventures," and forcibly suppressed "Lilisanism" in their own armies.

Thenceforth, leading an almost purely agrarian movement, the Red Armies and Soviets extended and increased their strength and influence. Snow gives no estimate of their greatest extent, but during much of the years 1930/2 the Red Armies must have ruled a population of between twenty and thirty million persons. Even in 1934, after serious inroads had been made into some of the more populous Soviet territories by Chiang's increasingly successful armies, the population "under the direct control of the Soviet Central Government" was estimated by Mao Tse-tung at some nine million persons. This did not include the Soviets in northern Shensi, nor the Shensi-Szechwan Soviet Republic, which included millions more; neither did it include the population of areas held by "Red partisans."

The "Long March"

The growing strength of Chiang Kai-shek's armies, however, with his immeasurably superior economic and financial resources, finally enabled them not only to hold their own against the Soviet forces, but to invade and conquer the Soviet areas in Kiangsi and elsewhere. By 1934 the situation was so serious that the main Red forces, in Kiangsi, were compelled to move out—the sole alternative being bottled up and destroyed. Then followed the "Long March," described by Mr. Snow as "one of the great exploits of military history."

90,000 armed men started this terrible retreat from Kiangsi province. Marching sometimes by day, sometimes by night, fighting opposition before them or harassed by flank attacks of planes, crossing mountain ranges, rivers, and swamps, the main Red forces covered 5,000 miles in almost exactly a year,—an average of nearly 24 miles per day. Of the force which left Kiangsi, only 45,000 armed men reached northwest Szechwan. After a rest, 30,000 moved northeastward towards Kansu and the Soviet districts of northern Shensi; less than 20,000 survived this last terrible stretch.

Mr. Snow's description of this trip is a vivid and moving one. It is the courage and heroism involved in it which he emphasizes, and which is indeed his keynote. Some writers might have put the emphasis elsewhere—on the frightful and terrible suffering of those who failed to survive the trip, the tens of thousands who perished. Some might also have emphasized the contrast between the warm and fertile southland which the Red soldiers had left and the cold and poverty-stricken Northwest which the survivors finally reached—to live in cave-dwellings, often verminous, on a scanty and miserable diet far inferior to that in their homeland, and to face the fierce winters of the North in their thin cotton garments, with freezing hands unable to pull the caps from their hand-grenades.

It was no land of milk and honey to which these Southerners had made their way through terrible sufferings and sacrifices. The country is one of the chronic famine areas of China, and a vivid picture of it is drawn by Mr. Snow—particularly in his chapter "Death and Taxes." Soviets had been established in this wretched area, however, and were able to give some refuge to the Red forces from the South.

The "United Front"

It had not been, indeed, the desire for more food which had upheld these tens of thousands of men and boys (most of the Red soldiers were under twenty) in their terrible march. They were marching on to a new Soviet Republic, inspired by the zeal and fervor cultivated and maintained by steady propaganda—speeches, songs, plays, books. "The Red Army is the poor man's army" was one of the first phrases taught in the Soviet readers, and its golden promises for the future gained it a loyalty and allegiance which rose high above material difficulties, and carried it through struggle after struggle with its spirit and its banners high.

But in the Northwest, they discovered, their leaders were really trying—desperately trying—to surrender, with the single stipulation that they should continue to retain their armies intact and under their personal control, in their own districts. The agrarian revolution was to be abandoned, for the time being at least. The armies sent against them were not to be destroyed, but to be "converted"—not to Communism, nor even to agrarian revolution, but simply to anti-Japanism. There was to be a "united front," in which the "Red" leaders would join hands in glad and loyal alliance with Northeastern and Northwestern bandit-militarists, with landlords and Kuomintang officials, with foreign priest-landlords and Mohammedan mullahs. To attract the latter, in fact, a program was set forth including "unity" between the Moslems of China and those of Sinkiang and Central Asia—a kind of "Pan-Islam" under Communist auspices!

There were, indeed, some difficulties. Beleaguered "White" (i.e., anti-Communist) armies might be welcomed, sent food out of the Reds' slender stores, and permitted to retire, but some of the soldiers "could not see why they should let all those arms out of their hands." There was a definite "tendency of the rank and file to oppose the United Front program." In some cases, "men were reluctant to return captured rifles and had to be ordered several times to do so." Some "actually accused their leaders of 'counter-revolutionary orders'"—which is quite understandable. But dialectics, applied in the service of nationalism, won the day. The "anti-Japanese front" became the great aim and the driving force. To this end the well-organized propaganda services devoted their efforts, both within the Red armies and outside them. A few years previously the social revolution, and even the idea of socializing the land, had been abandoned (except as an "ultimate aim" of the dim future) in favor of agrarianism. Now agrarianism itself was abandoned in favor of a purely nationalist program. For a year the Red leaders carried on, desperately begging for acceptance of their surrender, asking only to be permitted—as

powerful bandits had been permitted in bygone days—to continue in command of their forces and in occupation of their existing territories. But it was not until the Sian coup that their surrender was accepted, and Chiang's "anti-Communist" war was finally called off.

The Sian Coup

The Sian coup is itself well dealt with in this comprehensive book. As Snow well states, the only way to determine the actual secret agreements or understandings reached at any time in China is to note the events which follow. The author has well tabulated the consequences of the discussions at Sian, including Nanking's sending of funds to the ex-Communist leaders; little is said, however, of the subsequent elimination of most of the latter's erstwhile allies—the Northeastern and Northwestern forces,—and there is no suggestion that this was done with "ex-Red" co-operation.

Mr. Snow's book includes many excellent word-sketches of Red leaders. Besides the biography of Mao Tse-tung, there are sketches of various length dealing with Peng Teh-hwai, Ho Lung, Chu Teh, Hsu Hai-tung (the only real wage-worker —a potter—among the outstanding leaders), and others. There are vivid descriptions of "class war in China," first-hand accounts which come as a refreshing contrast to the monstrous propaganda falsehoods of their enemies. With regard to publication of some of this data, Mr. Snow has been favored by recent developments. The book would certainly not have gotten by the censors here a few months ago—at least without drastic cuts of whole sections.

For a writer with a limited knowledge of Socialism and Socialist theory, Snow's chapter on "Chinese Communism and the Comintern" is very good, though hardly mentioning Moscow in connection with the jettisoning of all social objectives on behalf of an anti-Japanese "united front." It is difficult to believe that Moscow, with which the Chinese Red leaders were in constant communication by radio, was not very influential in this decision—coinciding so perfectly with the objectives of Soviet Russian foreign policy.

When Snow gets into the dangerous waters (no pun intended) of social theory, there is considerable confusion. The division of land among the Chinese peasants, creating a great class of landed farmers as the basis of the agrarian Soviet regime (which did not even *call* itself a *Socialist* Soviet Republic), is called a firm basis for Socialism. But the exactly opposite process, the expropriation of the Russian peasants by the Moscow bureaucracy and the building up by forced labor of a complete State economy to serve the purposes of the ruling class, is also "the creation of Socialism," a "mighty offensive of Socialist construction." And Chinese Turkestan, under old-fashioned Chinese warlord rule, is referred to as "under a semi-Socialist form of government,"—for no obvious reason, unless because of the strong Russian influence there. In view of this confusion of thought, it is difficult to say what Mr. Snow means when he says that "among young Chinese... Socialism is taken for granted as the future form of Chinese society." He probably means, however, "among young Communists." Most young Chinese, except for some of the students and those who have come under Communist influence in the Soviet areas, have no conception of Socialism whatsoever, and are completely individualistic (or "familistic") in their social outlook.

There is another striking misstatement, made in connection with the Russian influence in China. Mr. Snow speaks of "America, England, France" and other countries sending "thousands of political, cultural, economic, or missionary workers into China, actively to propagandize the Chinese masses with credos of their own States." This is not merely an error, it is arrant nonsense. Where are these thousands of American, British, and French workers who are carrying on active propaganda among the Chinese masses to instill into them the ideas of political equality, universal suffrage, representative government? One of the great misfortunes of the present period, indeed, is that democratic states tend to be too self-satisfied, and carry on no foreign propaganda whatsoever for the democratic credo, which they usually seem to regard as for domestic use only.

Excellent Reporting

But however deficient in social theory, Mr. Snow's book represents an excellent bit of reporting. With this at hand, the absurdities of Yakhontoff's book on the Chinese Soviets (read and approved in advance by Agnes Smedley) become painfully evident. Miss Smedley's own effort, "China's Red Army Marches," becomes—even more clearly than before—drama rather than history. It may be noted, however, that Yakhontoff's book contains some valuable appendices, including the Constitution of the Chinese Soviet Republic, Mao Tse-tung's 1934 Report, etc. Particularly as regards the latter report, the version given in Yakhontoff's book is more complete than that referred to (Martin Lawrence's) by Snow; the Lawrence edition is considerably edited, references to the limited areas of the Soviets, and some other delicate points, being deleted.

It may be added that Snow's book is informative not only to foreigners, but to Chinese as well. Not only has the book been pirated by Chinese publishers (selling at one-third the price of the foreign-published volume), but the Chinese translation (with a much more interesting set of pictures) has also been in

If You Lose A Gold Ring.

It will not matter half as much as if you lose your resistance to colds. Thousands of dollars are wasted on colds and thousands of money making people are obliged to confine themselves to bed in consequence of colds at this time of year.

To strengthen your powers of resistance to colds, and other ailments, too, is therefore to save yourself money as well as inconvenience and suffering. To do this the first essential is to keep the food tract clean and healthy and the eliminative organs in good working order, for which purpose many people rely on Pinkettes. These dainty laxative pills aid digestion, activate the liver, dispel constipation, and taken occasionally when needed, help to maintain regularity of the daily habit. Pinkettes correct biliousness and sick headaches, they clear the complexion, purify the breath, relieve piles. Equally good for men and women. They are obtainable at all chemists.

A.B.C. PRESS, SHANGHAI
Printing
in all its Branches

Your work
should bear
our imprint

SWAN, CULBERTSON & FRITZ

Investment Bankers
and Brokers in Securities and Commodities
Daily New York and London Stock Exchange Service

Sassoon House **Telephone 11200**

BACK ISSUES WANTED

We will pay one dollar each for copies of the following issues.

Vol.	31,	No.	4	Dec.	27,	1924
Vol.	31,	No.	11	Feb.	14,	1925
Vol.	34,	No.	4	Sept.	26,	1925
Vol.	44,	No.	9	April	28,	1928
Vol.	57,	No.	7	July	18,	1931
Vol.	59,	No.	6	Jan.	9,	1932
Vol.	60,	No.	3	March	19,	1932

Please mail with statement to

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai

If you are SATISFIED

with

The China Critic

(中國評論週報)

WHY NOT GIVE YOUR RELATIVES AND FRIENDS

THE SAME SATISFACTION?

BE A "CRITIC BOOSTER"!

Subscribe Now! - - - - - Do it yourself!

"Subscribe to the Critic" - - Pass the word!

Subscription Rates for one year

(Including Postage)

China ..... C.$7.00

Other Countries ..... G.$5.00

THE CHINA CRITIC

(中國評論週報)

桂中樞 C. S. Kwei, Editor | 朱少屏 P. K. Chu, Business Manager

191 Carter Road, Shanghai, China Telephone 31164

big demand. It is a great and important contribution to our knowledge of Soviet China, and of the ex-Reds. The "democratic aims" of the latter, of which Snow speaks in positive terms, may well be doubted, and there are other dubious points as well. But these affect but little the value of the book to anyone really interested in the history of the last decade in China. For the central point in this period—and the all-engrossing problem from 1930 to 1936—was Nanking's war against the Chinese Red Armies and the agrarian revolution. And the agreement at Sian, and Nanking's acceptance of the ex-Communists' submission, was the prelude to the present war—in which the Chinese people are sounding new depths of suffering and degradation. H. H.

Pearl Buck's New Book

The following from Newsweek (Feb. 14)—"The trouble with Pearl Buck's novel, This Proud Heart, is that the author is determined to have her cake and eat it as well. To present a woman's conflict between marriage and a career, and also have a palatable heroine for large public, she has created Susan a creature as boneless and unbelievable as one of the girl's sculptures." The book, first Mrs. Buck has written about American life, was published by Reynal and Hitchcock, N. Y.

"Trends of International Trade," is the title of another useful pamphlet by the Foreign Policy Association, N. Y. Written by Winthrop W. Case, the 12-page treatise deals with the current world trade situation, restrictive commercial policies, breakdown of the gold standard, outlook for currency stabilization, economic nationalism and the future outlook. The future outlook is not favorable, in the author's opinion, but this does not mean that international trade is destined for permanent elipse. Increased measures of state constrol is only one aspect of the larger problem of state intervention in our economic life generally. There is no reason, states the author, to suppose that the world's economic progress has reached its limits, and until then growing international trade should remain an essential.

Hongkew Under Martial Law As Mysterious Shot Kills Japanese

For the first time since the cessation of hostilities in this area, Hongkew was under martial law from 6.30 p.m. until nearly 9 p.m. on March 22.

The reason for the excitement was the sudden and violent death of Kunimichi Igai, 51, a civilian employee of the Japanese Army.

According to the report of the incident, Mr. Igai was walking along Haining Road near North Szechuen Road in company with other Japanese when a shot was suddenly fired. The men fell to the pavement, wounded in the abdomen.

Circumstances of the shooting could not be ascertained immediately and the preliminary investigation, it was stated, had not established whether the man was shot by some one or whether he shot himself. "This is not a case of Chinese terroristic actions against the Japanese," Japanese military authorities investigating the case stated.

Both the Garden and Szechuen Road bridges were closed to traffic immediately. No one was allowed either in or out of Hongkew. The report had got abroad that Mr. Igai was shot by someone from a passing motorcar and the Japanese authorities were enforcing martial law until they had completed their investigations.

Throughout Hongkew and even in the Yangtszepoo district, the atmosphere was tense and that tension spread to the south side of Soochow Creek. Rumors commenced to spread about the city with a speed that only the bamboo wireless is capable of producing.

Vivid evidence of the tension that existed was revealed on Yangtszepoo Road near Lay Road when Mr. R. T. Oates, British subject, an employee of Patons and Baldwins. Ltd., large woollen house, was suddenly halted while traveling along the street in his motorcar.

Mr. Oates had just passed the Lay Road Bridge when a Japanese sentry ordered him to stop. Whether Mr. Oates heard the order or not doesn't matter. The fact remains that he continued upon his way whereupon the sentry fired two shots.

It was reported that the shots were fired into the air and that Mr. Oates was not injured. At any rate, he stopped and the sentry, together with other Japanese who flocked to the spot, took the Englishman into custody. Shanghai Municipal Police officials were notified that Mr. Oates were being held and they proceeded to Yangtszepoo, where, after one hour of negotiations, they succeeded in obtaining the man's release.

Chinese Language British Paper Bombed for Third Time

The business office of the *Wen Wei Pao*, British registered Chinese daily newspaper, target of terrorist bombs for several weeks, and located on Foochow Road near Fokien Road, was bombed for the third time about 11.50 p.m. on the night of March 22.

Two grenades of the potato-masher type were hurled at the office entrance by unidentified men, believed to have been traveling in a motor-car.

YOUR HELP NEEDED!

Up to January 22nd, the Shanghai International Red Cross has among other things spent $417,527.34 for caring of refugees, $109,392.38 for wounded soldiers, $59,063.69 for medical supplies, and $19,379.40 for civilian hospitals. Though these are large sums, they have not been sufficient to meet the needs of the multitudes of war sufferers in the city.

Beginning from January, the Shanghai International Red Cross has undertaken the responsibility of supporting some 150,000 more refugees. For this additional relief burden, no less than $450,000 are required per month.

In view of this desperate situation, the Shanghai International Red Cross feels that unless increasingly large donations can be obtained from friends in outports and abroad, its work cannot go on unhampered. Will you extend a helping hand in this humanitarian work? If so, please sign the blank below and send your donation today.

.....

To the Shanghai International Red Cross,
505 Honan Road, Shanghai.

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check (or postal money order) for Dollars.....as my donation to the Shanghai International Red Cross.

Name.....
Address.....

WOULD 200 PERSONS BE INTERESTED

In a day-to-day record of the "Undeclared War" on the Shanghai and Peiping fronts since the beginning—July 7 in the north, July 24 at Shanghai?

THE CHINA WEEKLY REVIEW has published in its weekly issues a complete day-to-day record of the war. Recently many persons have suggested the reprinting of the record in a booklet which could be used for reference or mailed to friends abroad who are interested in developments here. The first volume, according to present plans, will cover all phases of the war from the beginning to Jan. 2, 1938 when the Japanese peace terms were presented through the German Ambassador.

The booklet will answer most of the questions about the struggle: When and how it started; Names of chief leaders; early efforts to localize and prevent from spreading; how it started at Shanghai; how it became general after Sept. 1; estimates of value of property destroyed; Yarnell policy; Fall of Nanking and Japan's peace terms.

Would 200 persons be interested in obtaining copies (5 ins. X 7 ins., approximately 150 pages) at a cost of $2 each, including postage? If so, this would enable us to proceed with the work. Please fill out the attached form and mail at once:

.....

THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai

Please reserve for the undersigned....copies of the day-to-day record of the war at a cost not to exceed $2.

Name .....
Address .....

AMAZING EXTENT OF WAR DESTRUCTION IN CHINA

What is the extent of China's war damage? The March 19 issue of **The Review** contained a 32 page supplement devoted entirely to the matter of losses caused by Japan's "undeclared" war in China—Industrial, Commercial, Residential; Chinese Colleges and Universities; Civic and Cultural Structures; Christian Educational Centers; Mission and Religious Buildings; Scrap-Iron and Machinery Thefts; Foreign Commerce throttled!

WHO WILL PAY FOR THE DAMAGE?

In addition to the material damage, the supplement also contained a number of extracts from reports written by neutral foreigners telling of the human destruction, almost unbelievable accounts which are reminiscent of the wars of a bygone age.

Some of the Titles

Industrially Crippled China—Recipient of a Made-in-Japan Earthquake

Hangchow—Ancient Landmark Crumbles under War's Impact
Nanking—What Really Happened—and the Japanese Paradise.
Shanghai Industry Stilled by War's Heavy Guns
Foreign Mission Losses Heavy—Catholic Losses Nearly $4,000,000.
Diary of an American Doctor—Wusih Property Looted.
Tsingtao Mills Wiped Out in Retaliation.
Throttling of Shanghai Commerce—North China Tariffs

IT CONTAINS SEVERAL PAGES OF PICTURES

The Supplement was supplied free to all subscribers as well as purchasers of copies at news stands and book stores.

There are still a few copies of the Supplement available for those desiring to send them to friends abroad. The price is 20 cents each or 30 cents if mailed.

If you are not a regular subscriber, send your order and have the paper delivered regularly to your home or office. The rate is $12. (Chinese currency) a year, in China, or U. S. $8. a year when delivered to addresses in America or Europe. The rate by air-mail to Central and West China is $28 a year.

Send Orders at Once to

THE CHINA WEEKLY REVIEW

160 Avenue Edward VII
Shanghai.

中華郵政特准掛號認爲新聞紙類

Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China